



Photograph: Gus Wylie

Great Scot.

There's a special place in our heart for the pert plaids of British Caledonian. Maybe it's the splendid airline's independence that gets us. In any case, the feeling seems mutual. Last year, British Caledonian awarded Mobil a contract to supply about 20 million gallons a year of the aviation fuel its aircraft take aboard at Gatwick airport. That made the international airline one of our largest customers for aviation products in the United Kingdom. We supply a fleet composed of BAC 111s and Boeing 707s, from our fuelling facilities at Gatwick.

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It's a different business now. As one of Britain's leading aviation fuels suppliers, we deliver over 80 million gallons a year. That's roughly two-and-a-half million barrels.

We'll never be so busy, though, that we don't have a little extra time for those great Scots at British Caledonian.

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HOME NEWS

Chemists say profit squeeze threatens service to the public

By John Roper
Health Services Correspondent

Government policy is squeezing chemists' profits on National Health Service prescriptions to the point where patients may soon have to make more than one visit to get medicine, according to the Pharmaceutical Services Negotiating Committee. The committee says the service is in danger of breaking down as more chemists close.

Talks with officials of the Department of Health and Social Security have reached an impasse after 13 months, and a meeting is being sought with Mr. Ennals, Secretary of State for Social Services.

The committee said yesterday that not only had the department refused to meet the claim for an increase, it was also "clawing back" money an estimated £11m this year, apparently because of chemists' increased efficiency.

The department contended that increased efficiency was rewarded, but that was not so. Gains from the usual means of increasing profitability, such as discount buying, more efficient stock turnover, reduction of overheads and improved productivity meant less recompense.

If a chemist reduced overheads by cutting staff or moving to premises with lower rent, the savings were reflected in the next cost inquiry, and the overheads attributable to the NHS were reduced. Any increase in productivity by dispensing more prescriptions meant that overheads were divided by the

larger number of prescriptions, and the chemist got a smaller amount a prescription.

Mr. Alan Smith, chief executive of the committee, said chemists did not want to be "feather-bedded" but they were frightened that they were on the edge of a precipice so far as service to the public was concerned.

Chemists' shops had been closing at the rate of four a week for the past four years. In 1974 a chemist made about 4p in profit on a prescription. In 1977 the profit was only 2.8p, which in 1974 terms was only 2.8p a prescription. The average profit on NHS business was £1,600 a year. Pharmacists felt particularly aggrieved because they were responsible people providing a service, were aware of the difficult national economic situation and had subsidised colleagues in difficult circumstances. A fund of a third of a million pounds to help them to keep open.

Mr. Griffith David, chairman of the committee, said it was unfair that retail business not connected with the prescription of medicine in chemists' shops might be used as an argument against an increase: that side of chemists' activities was "not so healthy", particularly in small shops.

The Pharmaceutical Society, representing 30,000 pharmacists, said last night that no other profession or group of people would be prepared to accept not only no increase in payments but a 23 per cent reduction in net profits from the Government. The situation would lead to serious inconvenience for the public.

Cancer test techniques 'approach the ultimate'

By Our Health Services Correspondent

Physical tests for cancer are probably reaching the ultimate in technique and already contribute enormously to the correct diagnosis and localisation of the common malignant diseases, Mr. Michael Baum, senior lecturer at the University Hospital of Wales, said in London yesterday.

In a paper at the annual symposium of the Marie Curie Memorial Foundation he said that with this improvement in accuracy techniques had also tended to become safer and less arduous for patients.

Professor Dennis Parke, head of the department of biochemistry at Surrey University said that many of the approaches to the treatment of cancer were being made. One exciting study was of the needs of cancer patients for thiamine and ascorbic acid.

At the Marie Curie Foundation it had been shown that enzymes from malignant tumours were immunologically different from normal host enzymes. The effects of antisera on those enzymes were being tested.

Mr. Ronald Raven, consultant surgeon at the Royal Marsden Hospital, London, criticised syn-

thetic cigarettes. Smokers would still inhale the products of combustion and would still be in danger, he said. If people felt that a synthetic cigarette was safer, they would continue to smoke and might go back to all-tobacco cigarettes.

People had to be persuaded to stop smoking, not to substitute a synthetic cigarette for another. The Government should act with a complete smoking-control programme, and tobacco should be priced out of the market.

Speaking on industrial cancer, Professor Michael Alderson, professor of epidemiology, Institute of Cancer Research, London, said cancer control in industry depended on collaboration among industry, Government and the public.

A specific relationship between say, chemical agents and cancer could not be the only criterion for action. If the relative risk of a disease was remote more harm might be done to the community by closing a plant and worrying thousands of workers than by reducing their exposure to an agent whose impact upon disease was negligible, even though that agent could be shown to cause cancer when injected into small animals in large doses.

Union to launch offensive in the catering industry

From Arthur Osman Birmingham

Mr. Alan Law, regional trade group secretary of the Transport and General Workers' Union in Birmingham, who has moulded his lorry driver members into a potent and much-feared force, announced yesterday that in future he would be dealing with the hotel and catering industry with the same tactics including Trust Houses Forte (THF), with which the union has been in dispute for several months.

The TGWU is seeking a larger membership among the estimated 10 million potential recruits in the hotel and catering industry and it appears that the aggressive approach that Mr. Law employed in the road haulage industry will be enshrined in the new campaign.

Mr. Law, who has not, in the past, shown the highest regard for the press, summoned reporters to his office at the headquarters of the dispute at TGWU's Night Out theatre restaurant, in Birmingham, which is now in the hands of the Advisory Conciliation and Arbitration Service. The union has lifted its ban on supplies to other THF establishments, notably fast food outlets to motorway restaurants, while the inquiry is held.

The Night Out dispute began when a waitress was dismissed, allegedly for rudeness to customers. She had been trying to recruit workmates into the TGWU.

Mr. Law said: "We have told THF we will go to arbitration only if they will reinstate her. We are bending over backwards to help THF to save face; the saving of face for a manage-

ment that has made a decision and is not big enough to know how to get out of it. They are saying 'no' because they are not skilled enough professionally to know how to say 'yes'."

He said THF had refused to give each of the 13 strikers two years' pay, a total of £26,000, as an alternative to reemploying them. He pointed out that the company had spent £30,000 on advertising its view of the dispute.

Asked about people who might not want to join the union in the new drive, he said: "They will be in sooner or later, as soon as they wake up and see the light. I am quite confident about the hotel and catering industry. They have been using pawns and we shall welcome them with open arms."

Mr. Law, aged 58, a former lorry driver, made his reputation in the transport industry with tactics that included black lists, lightning strikes and demands for large pay rises with the alternative of closure. Strike ends: A prolonged strike at the Randolph Hotel, in Oxford, which is owned by THF, ended yesterday.

Eight members of the staff accepted payments of £300 to £500 from THF and agreed to call off the strike, which began 23 weeks ago.

Mr. Geoffrey Hulet, district officer for the Transport and General Workers' Union, said other hotels should not be complacent, for the union would continue to fight for members and recognition. The dispute began over the dismissal of chambermaids.

Mr. Peter Spencer, for the Director of Public Prosecutions, said they barricaded themselves in a changing room with Mr. Francis, who was bound.

The defendants said they wanted to read statements in which they admitted the killing because Mr. Francis had sexually assaulted a friend.

More unions join in phase three controversy

By Christopher Thomas Labour Reporter

The pay policy went on trial again at the union conferences yesterday. The train drivers said it was a dead duck, civil servants gave it grudging approval, and white-collar railway staff supported a phase three.

The main prosecution witnesses are yet to be heard. Among them is the Amalgamated Union of Engineering Workers which is aiming to press for a return to unfettered wage bargaining among 19 unions embraced by the Confederation of Shipbuilding and Engineering Unions.

The AUEW, second largest of the unions next to the transport workers, will make its move at the annual meeting of the confederation next month. The organization covers 2,500,000 workers and a "no" vote would be a serious setback for the advocates of pay policy.

Hugh Scanlon, AUEW president, seems certain to continue in the present TUC Government talks on what follows when the phase two wage agreement ends on July 31, despite the rejection of pay restraint by the union's dominant engineering section.

Mr. William Ronkley, president of the Associated Society of Locomotive Engineers and Firemen, told his union's conference at Buxton: "The social contract is not only a dead duck, it is a political liability and should be buried without delay."

He also warned the Government of real trouble from footie men if the coming White Paper on transport contained the dismantling of the railway system. Clearly hindering at industrial action, he said the union would have no alternative but to oppose such proposals by every means at its disposal.

Declaring the social contract to be an unmitigated disaster for Government and the economy, he said the working class was in revolt against rapidly falling living standards. "At least," he said, "we are working openly. Now we are experiencing a Bechding exercise by the back door."

Unless we can persuade the Government to increase investment in British Rail now our railways will be little more than scrap when they will be needed most due to the shortage of energy."

The white-collar Transport Salaried Staff Association, which has 70,000 members, voted yesterday for another stage of pay policy. But it called for a correction of pay anomalies.

There was also overwhelming support for a phase three yesterday from the Institution of Professional Civil Servants, which has 100,000 members in salary ranges of up to £15,000. Its annual conference, at Scarborough, said that another year of restraint was an essential prerequisite for an orderly return to free collective bargaining.

The British Institute of Management today meets Mr. Booth, Secretary of State for Employment, to press the need for another pay policy, but one that rewards skill and responsibility.

The Institute, representing 53,000 managers, is deeply concerned about the operation of the 1967 Act, the society said. For the Government to refuse, as it has done, to give time for debate of the Bill was "tantamount to stifling the voices of Parliament." No government could afford to override the considerable public opinion in support of the Bill without

Timothy Raison, MP, page 16

Council chairman

Mr. Kenneth Thompson, a former junior minister, has been elected the first Council chairman of Merseyside County Council.

Anti-abortionists' rally

By Our Health Services Correspondent

The Society for the Protection of Unborn Children organized a mass lobby of members of Parliament yesterday to try to influence the Government to give time for debate on Mr. Williams' Ban on Abortion (Amendment) Bill.

People were deeply concerned about the operation of the 1967 Act, the society said. For the Government to refuse, as it has done, to give time for debate of the Bill was "tantamount to stifling the voices of Parliament." No government could afford to override the considerable public opinion in support of the Bill without

By-pass objectors invoke river rights

By Philip Howard

In an erudite constitutional move to prevent the building of the M3 Winchester by-pass, objectors have summoned the first meeting for a century and a half of the Commissioners of the Itchen Navigation.

They did so by fastening a notice on the Butte Cross, Winchester, yesterday and by placing another notice in *The Hampshire Chronicle*. Seven Acts still on the statute book dating back to 1665 enact the right to summon such a meeting, and declare that the commissioners must meet to receive complaints about interference with the navigation within 28 days of such notice being given.

The public right to navigation on the Itchen from Southampton to Winchester was guaranteed by an 1802 Act, which has never been repealed. In practice the last barge



Children from 30 London schools taking part in the twentieth annual country dance party at Coram's Fields, Bloomsbury, London, yesterday.

Postmen vote to extend working life

From Tim Jones Labour Reporter Bournemouth

The Union of Post Office Workers expressed its support for the union's fundamental principles yesterday when delegates at their conference voted to allow members to extend their working lives.

As a result of the decision Mr. Norman Stagg, the union's deputy general secretary, will now ratify with the Post Office an agreement that will allow postmen, sorting staff, telephonists and telegraphists to work to the normal retirement age of 60 to the age of 65.

The agreement will give postal workers the choice of working an extra five years as of right, and not, as at present, at the discretion of the Post Office.

That right will depend on the worker's ability to meet standards of fitness and efficiency and a recognition that there is a continuing need for the job.

Most of the postal workers chose to continue working to full pay.

The decision clashes deeply with the content of a new union policy for early retirement to create more jobs for younger people and to extend the leisure time of the elderly.

Mr. Stagg explained that a high proportion of postal workers did not enter the industry until middle age or later; retirement at 60 meant for many of them a totally inadequate pension and consequent hardship.

Union members had to work for 40 years to qualify for a pension of about £25 a week, which is calculated at one eighth of pay for every year of service.

In addition, he said, the anti-social hours of the job made it difficult for the Post Office to recruit young people.

Chlorine leak at reservoir

Thirty-one people were taken to Derbyshire Royal Infirmary yesterday suffering from the effects of chlorine, which was being delivered to the Stannington Reservoir, near Melbourne.

Firemen neutralized the spillage as the area was sealed. Those affected were taken from a site near by

Dr Eysenck's interpretation of twins study challenged by colleague

By Neville Hodgkinson Social Policy Correspondent

A suggestion last week by Dr. Hans Eysenck that the results of a study of twins in America meant that the Royal Commission of the Distribution of Income and Wealth "might as well pack up" was challenged at a hearing of the commission yesterday.

The study, among nearly 2,500 pairs of twins, indicated that genetic factors were about 50 per cent responsible in determining the level of the twins' earnings.

Differences in family background and educational opportunity appeared to have had little effect, but there was a big contribution from unidentified environmental influences, such as the influence of psychology at the Institute of Psychiatry, London University, argues that egalitarian measures such as redistributive taxes and

benefits are an assault on genetically determined differences, and that the limits to which such measures can be employed by the state without provoking a mass reaction have long been passed in Britain.

Dr. Michael Rutter, professor of child psychiatry at the Institute of Psychiatry, London, said that the American findings had little bearing on the extent of income variation.

The findings referred only to the question of who earns more than someone else, he said, in evidence submitted jointly with Miss Nicola Madge. Mr. A. earned more than Mr. B. because of genetic and environmental influences in roughly equal measure. But the degree to which some people earned more than others was alterable by both income

policies and by tax and welfare policies.

The findings that genetic factors play a significant part in determining which people have higher or lower pre-tax earnings provides no real restriction on the power to manipulate the extent of the inequalities in income," Dr. Rutter said.

"Genetic factors (influencing IQ and personality) help to determine how far people make the most of their opportunities. Accordingly, the provision of equal opportunities for all (however desirable a goal in its own right) would have a relatively minor effect in reducing overall inequalities in income in the population as a whole."

On the other hand, improved opportunities could make a real difference for individuals who suffer from severe discrimination or disadvantage.

Tax handouts considered for needy Manxmen

From John Charlton Douglas, Isle of Man

With an estimated budget surplus this year of nearly £1m, raised from a population of only 60,000, the Isle of Man Government has given further concessions to its taxpayers and is considering a "negative income tax" to benefit the lowest paid.

During the budget meeting of Tynwald, the Isle of Man parliament, yesterday, it was announced that the long-standing income tax rate of 24½ per cent would stay but that various allowances would enable a married couple without children to earn £2,245 without tax liability. That compares with a figure of £1,125 on the mainland.

The budget figures gave a further opportunity for Mr. Charles Kerruish, Speaker of the House of Keys to argue that the island should break its last fiscal links with the Westminster Government by levying its own indirect tax on the island's electricity generated from oil-fuelled power stations.

A select committee is studying recommendations that the Isle of Man should break away from the mainland's indirect tax system, possibly abolishing "purse" tax and market cheques, cigarettes, tobacco and drinks.

Mr. Kerruish said that if the island government did not take control of its indirect tax affairs it would remain a group of "puppet" states in the name of Westminster politicians' idiosyncrasies.

High Court ban on electronic 'Planets' suite

Miss Imogen Holst, daughter of Gustav Holst, composer of *The Planets* suite, was entitled to object to the sale of an electronic version which she felt mutilated her father's work.

Her objection was upheld in the High Court yesterday.

RCA Ltd was banned from manufacturing or selling in the United Kingdom records entitled *The Planets* recording is by Isaac Tomita, a Japanese artist, who has produced "electronic realizations" of several other classics.

The injunction is effective until the trial of an action by G. L. Holst Ltd, which holds rights to the works of Holst, alleging copyright infringement.

Doorstep buyers protected

By Our Consumer Affairs Correspondent

A proposed EEC Council directive to protect the consumer from doorstep selling may, however, be a lower limit to the value of contracts covered.

The directive was also criticized for being too widely drawn three one-day sales demonstrations at the place of work, and the insurance man's collection round might be affected.

MPs were urged to find ways of concentrating attention on foot-in-the-door salesmen, without opening loopholes that might be used to avoid the legislation.

Judge outlines issues at Windscale inquiry

From Pearce Wright Science Editor Whitehaven

The gravity of the issues surrounding the proposal to build a new type of nuclear fast reactor, known as a Windscale, which would cost £500m were made clear yesterday by Mr. Justice Parker, inspector of a public inquiry to open at Whitehaven on June 14.

He held a meeting called to explain the procedures for the examination: "This inquiry is in many ways unique, for the issues to be investigated may affect not only those already alive and residing in this immediate neighbourhood, but also those who live far away and those who will not be born for many years ahead."

Mr. Justice Parker was addressing a formidable assembly of legal experts. The QC presiding at the inquiry, the application included Lord Silsby, for British Nuclear Fuels, and Mr. Ian Caldwell for Cumbria County Council.

Those representing opponents of the plan include Sir Frank Leyfield, for the Town and Country Planning Association, and Mr. Raymond Kidwell, for Friends of the Earth.

Mr. Justice Parker said that if he was to consider the implications of the development for the safety of the public it was plain that they included the transport and storage of spent fuel before reprocessing and any hazards involved in those operations. The hazards, whether to personal safety or to the environment, were the actual operation of the proposed plant and disposal of waste were also within the scope of the inquiry. It also appeared inevitable that such matters as security risks, industrial "puffs" and so on would, at least to some extent, fall within its scope.

Burglaries up a quarter in value last year

By Our Crime Correspondent

Every two or three minutes of the day and night a home somewhere in Britain is burgled, according to the British Insurance Association.

Last year a total of £22.4m in cash and valuables was stolen from private houses. The trend seems to be increasing. In the past five years the value of stolen goods has trebled and last year alone, the figures showed an increase of a quarter on 1975.

The association's figures indicate that more than £50,000 in valuables is stolen by burglars every 24 hours.

Mr. Patrick Bartram, chairman of the association's crime prevention panel, said: "It is the opportunity thief looking for easy pickings who will commit nearly three-quarters of these burglaries."

A survey by the association shows that nearly a third of burglaries are committed by thieves who enter through the front door.

Urgent need for six-month pension review

A six-monthly review of pensions is urged by Miss Betty Millard, president of the National Federation of Old Age Pensions Associations. She told its annual conference at Margate yesterday: "Never has our claim for a pension of one third of the gross average wage for a single person and one-half for a married couple been more clearly justified."

"There is also the added urgent need for a six-monthly review of pensions."

Mr. Maurice Healy, for the National Consumer Council, said it would be against consumers' interests if mail orders were included in the directive.

Man drove away with stolen aircraft parts

From Our Correspondent Bristol

A man drove into the Rolls Royce engine division at Patchway, near Bristol, unchallenged, picked up four aircraft engine components that were lying on the ground and drove away with them.

They were later sold for scrap for £14.

Glyn Albert Pritchard, aged 20, a labourer, of Harescombe, near Bristol, admitted stealing the parts. He was fined £50 and given a three-month prison sentence suspended for a year.

In a statement to the police Mr. Pritchard said: "I drove up and drove straight in and did not get checked and drove around there looking for something to take. I saw these four metal things on a pallet-type thing outside."

Broadmoor men accused of siege murder

From Our Correspondent Reading

Two Broadmoor patients strangled a fellow inmate during a 10-hour siege, magistrates at Bracknell, Berkshire, were told yesterday.

David Chessman, aged 32, and Robert Mawdsley, aged 28, appeared before the court for criminal proceedings on a charge of murdering David Francis, aged 26, during the siege last February. Both were

sent in custody to Reading Crown Court. Reporting restrictions were lifted at the request of the defence.

Mr. Peter Spencer, for the Director of Public Prosecutions, said they barricaded themselves in a changing room with Mr. Francis, who was bound.

The defendants said they wanted to read statements in which they admitted the killing because Mr. Francis had sexually assaulted a friend.

HOME NEWS

Poll shows Tameside parents want grammar schools to be retained

From Our Correspondent
Sheffield-under-Lyne
In the first referendum of its kind in Britain a large majority of parents at Tameside, Greater Manchester, have said they wish grammar school education to be retained, as opposed to a fully comprehensive system.

At a press conference yesterday Councilor Donald Thorpe said that figures obtained in a referendum of parents conducted by the council showed that 75 per cent of parents wanted to retain grammar schools. The council had asked parents to vote on whether they wanted to retain grammar schools or whether they wanted a fully comprehensive system.

Mr Thorpe said the referendum was held on May 10 and 11. He said the council had received 1,000 replies. He said the council was now considering the results of the referendum.

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Comprehensives need time to settle, minister says

By Mark Jackson, of The Times
Education Supplement
The deficiencies of school-leavers should not be attributed to the comprehensive system, says the Secretary of State for Education and Science, Mr Kenneth Robinson, in a speech yesterday.

Mr Robinson said that the school-leavers who were not doing well were not the fault of the comprehensive system. He said that the school-leavers who were not doing well were not the fault of the comprehensive system.

Pupils 'lack knowledge of industrial world'

From Tim Devlin
Education Correspondent
Gloucester
Schoolchildren are so biased against industry by what they read and see in the media that it is impossible to talk to them, Mr David Logan, education officer of the TUC, said yesterday.

Mr Logan, who has visited schools regularly during the last four years, told the Gloucestershire Association of Teachers that he was "incapable of talking to them because they have not the basic elements of the language of work and economics."

Schools urged to foster 'morality of delivery dates'

By Robert Doe, of The Times
Education Supplement
Schools should encourage competition, discipline, biblical morality and "the morality of delivery dates", Mr Thomas Howarth, senior tutor at Magdalene College, Cambridge, said yesterday.

Mr Howarth was addressing an audience invited to the House of Commons by Mr Norman St John-Stevas.



Thames occasion: Barges with flags at their mastheads sailing under Tower Bridge yesterday after the Lord Mayor of London, Sir Robin Gill, had raised HMS Belfast's jubilee flag to herald the Queen's silver jubilee celebrations.

Homeless couple made suicide pact

A recently married young couple were driven to a suicide pact because they could not find a home they could afford, a judge was told yesterday. The husband, Nicholas Sperring, who was 18, died.

His wife, Linda, aged 24, survived to appear at the Central Criminal Court yesterday, accused of aiding and abetting the suicide of her husband between January 10 and 13 this year. She pleaded guilty and was placed on probation for two years.

Mr Justice Talbot told her: "It is clear there was this background of unhappiness but you must know it is never right to solve your problems that way."

Living costs of poor 'have risen fastest'

By Our Social Policy Correspondent
The cost of living of the poorest households has risen by almost 5 per cent more than that of the richest ones since the beginning of the social contract, the Low Pay Unit says in evidence presented yesterday to the Royal Commission on the Distribution of Income and Wealth.

That is because the prices of necessities, on which the poor spend a larger proportion of their budgets, have been rising faster than those of goods that feature prominently in the spending of the better-off, the unit says.

Last year, for example, food costs increased by 23.5 per cent, compared with a general inflation rate of 16.6 per cent. Butter, margarine and lard increased by 40 per cent, vegetables by 37 per cent, tea and coffee by 36 per cent and fish and dairy products by a quarter. But the cost of motoring increased by only 13 per cent, and that of household consumer goods by 11.5 per cent.

Poultry producers attack EEC egg grading plan

By Our Agricultural Correspondent
British poultry producers called yesterday for postponement of EEC rules that would cost more than £35m to adopt.

Mr T. J. Aley, secretary of the British Poultry Federation, said: "There are so many Eurocrats churning out stuff that we want them to have a close season, so to speak."

New road will circumvent Exeter by-pass

Holiday motorists will enjoy much faster travel to and from the West Country when a new 31 mile stretch of motorway around Exeter is opened by Mr Callaghan next Friday. The old Exeter by-pass to which the new road is an alternative, has been one of Britain's worst bottlenecks. Even last year, with substantial lengths of motorway open to the north, there were delays of up to three hours around Taunton and Exeter during July and August.

Shoplifter had £3,546

Mrs Rosa Gleizer, aged 40, a Brazilian on holiday in London, was carrying £3,546 in mixed currencies when she stole goods valued at £6.96 from a Marks and Spencer store, it was stated at Marlborough Street Magistrates' Court yesterday. She was fined the maximum of £400, with £20 costs.

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comfort, ventilation and space are exceptional. Great attention has been paid to the driver's position. He has an excellent view of the road and the sense of complete mastery over the car. The 528 has, as standard, speed related power steering - the power assistance is at maximum for parking yet reduces at speed to give road 'feel'.

As with all BMWs considerable research has gone into both 'passive' and 'active' safety. Should the worst happen the car has an overall integrated system to absorb impact energy. But the chances that this should happen are dramatically reduced because of the car's handling and response to the driver. The pleasure of driving the car also acts as a positive safety factor since it keeps the driver interested in and concentrating on the road.

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(BMW 520, 525, 528 Auto £390 extra.)



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WEST EUROPE

French opposition parties manage to preserve fragile unity despite disagreements over policy

By Charles Hargrove
Paris, May 17

The meeting of the leaders of the three French opposition parties, which took place today in the headquarters of the left-wing Radical Party, had been expected to be one of the toughest in the varied life of the union of the Left since the signature of the "common programme" in 1972.

However, the left has once again shown its resilience, even the face of recent tensions between Socialists and Communists, and has belied the hopes of the Government, which thought that today's meeting would show a disintegration of the fragile unity.

The meeting, which lasted up to a half-hour, was held to plan the updating of the programme drafted five years ago and acknowledged by all its authors to be no longer in tune with political, social and economic developments.

The discussions were clouded by the Communist Party's unexpected publication 10 days ago of the somewhat high cost of applying the common programme for three years if the left won the parliamentary elections in March, 1978.

The publication was a considerable embarrassment to M. Mitterrand, the socialist leader, on the eve of his television debate with M. Barre, the Prime Minister. His rejection of the Communist estimates in the course of the debate was not appreciated by M. Marchais, the Communist leader.

However, if there was a hint of a rift, it was quickly closed. M. Mitterrand said on television that he would speak as plainly to M. Marchais as he did to the Prime Minister. It was not apparent from the official communiqué issued afterwards.

M. Marchais said that the meeting had been very "relaxed" and that "nobody reproached us with anything". The Communist estimates do not appear to have been discussed, and no decision was taken to give the cost of the common programme. The final communiqué merely speaks of "determining the timetable and method" of its application.

M. Robert Fabre, the Radical leader, did, however, confirm the opposition of the Communist allies to any costing of the common programme.

A working party of five members from all three parties was set up to complete the updating of the programme on the basis of proposals already put forward.

The Communists appear satisfied merely to have scored a point over the Socialists by publishing their estimate, and their claim to be the most active defenders of working class interests.

There is nothing to suggest that the Communists are no longer interested in a secondary role if the Socialists took the lead in their publication of the programme. It was an attempt to break up the Union of the Left. But in the next few months they will ensure that their views receive the maximum publicity, whatever the compromises they have to accept, in order to redress the balance of popular support in their favour at the polls.

The eating of *Moujies* (salted herring) in June is an ancient custom in Holland, a barrel of fish being ceremonially presented to Queen Juliana at the beginning of the season. Other EEC countries eventually accepted that it would be churlish to deprive the Dutch of this traditional delicacy.

Mr Finn Olav Gundelach, the commissioner responsible for fisheries, had originally proposed that the ban on herring fishing in the North Sea should be prolonged until the end of the year. This proposal had the support only of the British and somewhat more ambiguously of the Irish.

Mr Silkin indicated at the press conference that all EEC members other than Britain and Ireland would be likely to oppose a continuation of the ban after June 30. The fisheries policy for the setting of limited catch quotas.

The Nine have also agreed that the intensity of fishing for herring in areas outside the North Sea, off the west coast of Ireland and in the Celtic Sea, should be held to its present level until the end of June. Future policy for these areas will also be decided at the June 27 meeting.

Berlingske talks are final, editor says

From Our Correspondent
Copenhagen, May 17

After three and a half months of conflict, the *Berlingske Tidende* management and printing staff were today involved in what were described as final negotiations.

These, it was said, would allow the 228-year-old newspaper to reappear in its present form on June 1, 1977, among them the dismissal of the entire printing staff of early 1970.

Mr Henning Pommer, the editor, has admitted that the *Berlingske* house, which produced a quarter of the country's newspapers, was in a dispute between a management and printing staff which could not hold out much longer. These talks were definitely the last.

He refuses to accept "any other pseudo-negotiations", he says: "If there is no prospect of agreement with the printing employees we must start production again in other way. All we are asking to be able to make our five newspapers for about the same price as our competitors."

Speaking for the printing union, it is claimed that the conditions offered by the management in earlier negotiations are "inhuman" and they have drafted their own production plan. The two sides were comparing plans today and set of tomorrow aside for further discussion. Details of the plan have not been disclosed.

Printing union officials seem to have moderated their tone. Mr Henning Bjerg, chairman of the typographers' union, said two weeks ago that the union intended to win the fight even if it meant the loss of the *Berlingske* as a place of employment. The unions claim they are as impatient as the management to get back to work but admit that there is a considerable difference between their estimate and Berlingske's of how many printers needed.

or a brief period last month, *Berlingske Tidende* was published in reduced size with half the number of pages. This led to violent demonstrations outside the building, assistance of the police was needed to get the newspaper distributed.

to give the new negotiations a reasonable start, publication of this emergency edition was pending.

Nine extend herring ban in North Sea

From Michael Hornsby
Brussels, May 17

The Nine have agreed to extend until June 30 the ban on the fishing of herring in the North Sea, which had been due to expire at the end of this month. Herring fishing is also to be prohibited for the first time off the west coast of Scotland, likewise until the end of June.

Speaking at a press conference today after a meeting of EEC ministers of agriculture, Mr John Silkin, who was in the chair, said that the measures to be taken after June would be considered at a special meeting of the Nine in Luxembourg on June 27.

At that meeting the ministers would also discuss the European Commission's proposals for the long-term revision of the Community fisheries policy, which have been awaiting serious examination since the end of last year.

The only country exempt from the ban on the fishing of North Sea herring will be Holland. It will be allowed to catch some 1,500 tonnes of the fish during the last three hours of the fishing season. The ban is a delicate negotiation was required before this special dispensation could be agreed.

Nine agree on common VAT regulation

From Our Own Correspondent
Brussels, May 17

The EEC's Council of Ministers today approved a common list of items for the assessment of value-added tax, thereby opening the way for the Community to become for the first time fully self-financing from the beginning of next year.

From January 1, the EEC budget is due to be financed entirely from "own resources"—that is from the customs duties on industrial imports, the levies on agricultural products and up to 1 per cent of the revenue from VAT.

Lack of agreement on a common assessment base for VAT had hitherto jeopardized the prospects of adhering to the deadline for the introduction of the system. Britain had let it be known that unless there was agreement on the VAT regulation by today, it would be too late to include the relevant clauses in the Finance Act, which would postpone the matter for another year.

German defence of duty-free 'butter ships'

Brussels, May 17—Herr Josef Ertl, the West German Minister of Agriculture, today warned his EEC colleagues not to tamper with the duty-free sale of butter on passenger ships operating out of German ports.

Millions of Germans every year take advantage of the system to buy Polish butter at one-third the EEC price on excursion steamers and ferries. The European Commission wants to terminate the arrangement.

At a meeting of EEC ministers of agriculture here, Mr Finn Olav Gundelach, the commissioner responsible for agriculture, proposed that the system of "butter ships" should be abolished at the end of 1978.

Herr Ertl said that West Germany was ready to discuss the abolition, but only as part of an overall system to phase out duty-free shops throughout the Community. The issue was shelved.—Reuters.

Brussels 'inquisition' of British commissioner

From Our Own Correspondent
Brussels, May 17

Conservative MP Mr. Tugendhat, who later admitted that "some very harsh words" were exchanged.

Conspicuously absent from the chorus calling for Mr. Tugendhat's head was the voice of Mr. Gavin Strang, the British delegate, whose more than sneaking sympathy for the commissioner's views is no secret in Brussels. Mr. John Silkin, the British minister, who was in the chair, was described as irritated and impatient with the whole proceeding.

Unfortunately for Mr. Tugendhat, he was also discomfited by his fellow commissioner, Mr. Finn Olav Gundelach, who is in charge of agricultural policy. He told the ministers that he felt enlightened by Mr. Tugendhat's criticisms as they did, since he had been the author of the compromise on which the year's farm price agreement had been based.

Claiming afterwards to have nothing but admiration for the way Mr. Tugendhat handled the price negotiations, Mr. Tugendhat none the less defended his right to his own views. "If I cannot speak out on the budget, who the hell can?" He said that neither Mr. Gundelach or any other commissioner had commented adversely on his speech until today.

Observers here detected a distinct whiff of witch-hunting in today's proceedings. After all, Mr. Tugendhat had done no more than to echo, albeit in forceful terms, widely expressed criticisms of the way in which the interests of the consumer and the taxpayer are largely ignored in the fixing of EEC farm prices.

Oporto student shot during clash of political factions

From Our Correspondent
Lisbon, May 17

A student was shot in the leg and several policemen injured during a clash between left and right-wing factions in Oporto this afternoon.

Student unrest in Portugal has increased since Senhor Sottomayor Cardia, the Minister of Education, recently took measures to prevent the disruption of academic life, among the most closing of Coimbra University last week.

This afternoon Coimbra students called a demonstration against the Minister's order, but local trade unions which had been asked to participate are understood to have refused to do so. A general university strike on Thursday is now being organised.

Gunmen seize radio station

Ponta Delgada, Azores, May 17—Three armed men took over a small radio station in these Portuguese islands in the Atlantic for a short time today and broadcast separatist propaganda.

The men chanted: "Long live the Azorian nation" for several minutes before the police intervened. Police refused to say if anyone had been arrested.

Earlier, increasing anti-Portuguese feelings surfaced when a mob burnt a car belonging to a university professor who had come to the islands from the mainland. Police previously thought the car had been destroyed by a bomb blast. No one was injured.

The Front for the Liberation of the Azores has been waging a campaign of demonstrations and bomb attacks to protest against the recent regional autonomy granted to the islands by the Lisbon Government instead of total independence.

The latest violence started after troops, acting on the orders of President Soares, hauled down white and blue separatist flags in the islands.—Reuters.

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Mr Edward Heath with Anneliese Rothenberger, the German singer, in Hamburg. He is to appear on her television show.

Bomb blast before Mondale visit

From Our Correspondent
Madrid, May 17

A bomb damaged the American Cultural Centre here early today a few hours before Vice-President Walter Mondale arrived in Madrid for talks with Spanish Prime Minister, the Spanish Prime Minister, and King Juan Carlos. The bomb caused extensive damage to rooms in the centre. Two guards were slightly injured.

The newspaper *El País* received a telephone call later in the morning from the Revolutionary and Antifascist Groups of the First of October (Grapo) claiming responsibility for the explosion. Grapo was responsible for kidnapping two important figures of the Franco regime earlier this year.

Mr Mondale said on arrival at Barajas airport, Madrid, that he was "thrilled and excited by the developments towards a democratic society" taking place in Spain. He said that there was a new confidence in democracy around the world. What was happening in Spain was proof that democracy was not on the decline but rather on the offensive.

Mr Mondale is the second leading American politician to visit Spain in a week. Last week Mr. Cyrus Vance, the Secretary of State, attended the first meeting of the Spanish-American committee set up after a treaty of cooperation and friendship was signed last year between the two countries.

Mr Mondale said that relations between Spain and the United States were on "a strong, firm, friendly and cooperative basis".

In the Basque region most workers returned to work today after yesterday's general strike which brought the four Basque provinces to a halt. Basque political parties are to meet to decide whether to boycott next month's general elections if the Government does not grant a total amnesty by the time official campaigning starts in next time.

The Basque Nationalist Party has appealed to King Juan Carlos to grant a total amnesty.

Authorities fear that the Basque separatist organisation ETA will start a campaign of violence again unless something is done about an amnesty.

Nato nations urged to pay more for defence

Brussels, May 17—Mr Harold Brown, the United States Secretary of Defense, told American European allies today that President Carter expects NATO member countries to make substantial increases in defence spending.

American officials said Mr Brown told a meeting of defence ministers that the 15 alliance countries must increase defence budgets because of the steady modernization of the Soviet armed forces. Informal alliance sources said the United States has indicated informally that it wants a spending increase of around 3 per cent, although Mr Brown did not mention any specific figure today.

Mr Brown told the defence ministers that the alliance should develop a long-term programme to find solutions to its most pressing military problems.

The programme, which would run for about 10 years, would include plans to increase the battlefield readiness of NATO's combat forces, especially against short-warning attack. Other subjects suitable for inclusion in the programme would be means of strengthening the alliance's reinforcement and electronic warfare capability as well as its sea power and air defences.

As well as the long-term programme, Mr Brown said that the alliance should make a series of rapid improvements within the next year.

He also said more war stocks, especially ammunition, should be stored in Europe ready for instant use. The alliance must improve its ability to get reinforcements quickly to where they were needed.

Mr Brown said that the United States was committed to buying more European-made weapons and military equipment. Hardware likely to be bought by the Americans included battlefield radios, radar-jamming devices, munitions, air defence systems and anti-tank weapons.

The alliance's most senior military officer, General Herman Zeiner Gundersen, of Norway, told the ministers that the Soviet Union remained committed to objectives that, if achieved, would make it the world's predominant power.

General Zeiner Gundersen, new chairman of NATO's military committee, said Soviet defence spending had been increasing at a rate of more than 4 per cent a year in real terms.

The Warsaw Pact's military capabilities were improving at a disturbing rate, especially in the deployment of new weapons systems, he added.—Reuters.

OVERSEAS

Thousands of Israelis still undecided as voters go to polls

By Eric Marsden
Jerusalem, May 17

Nearly half a million of Israel's 2,236,293 voters were estimated to be still undecided which party to support when polling stations opened today, and party leaders feared that abstentions would be higher than in 1973.

Last-minute opinion samples put the ruling Labour Alignment almost neck-and-neck with the right-wing Likud Party, which has gained support in the campaign's closing stages. But the large floating vote was expected to increase the showing of the Democratic Movement for change, the new party headed by Professor Yigael Yadin.

Polling stations were due to close at 11 pm tonight. Early indications of party strength will be possible tomorrow, but the Central Elections Committee will not disclose the exact position of the new Knesset until Friday.

The chief issues in voters' minds have been an inflation rate of about 40 per cent and the series of scandals in high places. But the general election has international significance because the impression has been created that as soon as a new Israeli government is formed the United States Government intends to resume efforts for peace in the Middle East.

Whatever the result of the election, hopes of progress may prove illusory. Washington correspondents of Israeli newspapers report that while claiming to stand aloof, State Department officials are "rooting for Shimon Peres and the Labour Alignment". They are said to fear that a Likud victory would lead to stalemate in the peace talks while a Labour-led coalition would at least

consider negotiating with the Arabs on territorial concessions.

This seems doubtful in view of the expected closeness of the result. The Alignment probably will not be able to form a government without the Democratic Movement for Change and the National Religious Party. Both are making demands which the Alignment cannot meet without seriously compromising its election programme.

The Democratic Movement, while roughly in accord with Labour on peace and borders, is closer to Likud on home affairs and wants far-reaching internal reforms and a move to free enterprise. The National Religious Party will not sanction withdrawal from any part of the West Bank.

If Labour fails, a "no concessions" government led by Mr Menachem Begin, of Likud, might be formed. The Likud position of the Democratic Movement and the National Religious Party, and one or two smaller parties taking a militant line on borders.

There could also be a national government with Labour and Likud cooperating, but this would probably lead to a split in the Labour ranks and the withdrawal of the left-wing Mapam from the Alignment.

The alignment has a higher proportion of women among its candidates than its rivals. In the top 60 on its list, Likud has only two women in its first 45 places and the Democratic Movement, only one in the first 20, unpromisingly listed seventeenth. Nearly half of Labour's 60 candidates were born in Israel and 23 of them are aged 45 or under. Likud has a higher proportion of older immigrants from Eastern Europe.

One fifth of Lebanon's officers want to go

Beirut, May 17—About one in five of Lebanon's officer corps have offered to resign under a three-month Army rebuilding scheme which ended at midnight, Defence Ministry sources said today.

They said that Major-General Hanna Saeed, the former Army Commander was among the 194 of the country's 945 officers who submitted resignations. The Army split into four factions during the civil war.

General Saeed's authority was compromised earlier this year when officers claiming allegiance to him directed the

right-wing offensive in the south of the country which had received Israeli logistics support.

Seventeen brigadiers and 48 colonels were with General Saeed on the resignation list.

Under a special decree, aimed at rebuilding the Army, the Government need not accept all the resignations offered and also has the power, over the next three months, to suspend any officer not on the list.

It is hoped to have the skeleton of a new officer corps ready by the end of this year.—Reuters.



The growth of two classic styles of sherry.

Today, as you read your newspaper, white Palomino grapes are in their early stages of growth on the gently rolling hills around Jerez de la Frontera.

They will ripen slowly throughout the summer, and be ready for harvesting in September. A critical time, for if picked too soon the harvest would not have reached its full potential; picked too late and the grapes would have withered in the heat of the Spanish sun.

After harvesting the grapes will be pressed, then the mosto (juice) allowed to ferment freely for a while in casks within

the cool, vaulted bodegas.

Certain mostos will develop flor (yeast on the surface of the young wine), others will not. Only those that do will ultimately become finos or amontillados.

The classic fino is very light in colour and very dry to taste, with a delicate bouquet. Luncheon Dry is just such a fino, and is best served lightly chilled as it is in Jerez itself.

The classic amontillado is richer in colour and medium dry to taste, having taken on a particular nuttiness of the wood. Such is the character of Club Amontillado.

LUNCHEON DRY & CLUB AMONTILLADO from Harveys of Bristol

OVERSEAS

President Carter defends his caution on social reform and tries to placate liberal critics

From Fred Emery
Washington, May 17

President Carter today flew to California to defend his caution in domestic policies, to reiterate his commitment to social reform but to warn his liberal critics in the Democratic Party: "We can't afford to do everything."

In his first visit to the nation's most populous state as President, he began an arduous day with an address to the United Autoworkers convention in Los Angeles. Mr Carter declared that unemployment and inflation must be attacked simultaneously. "If we don't attack them together we won't be able to put a real dent in either."

However, deflation was unalterably opposed to fighting inflation by economic and budgetary policies which keep unemployment high and factories idle. That approach is economically ineffective.

He then added: for those liberals who have been worried at his withdrawal of the original economic stimulus package: "If the recovery should falter during the years ahead I will propose the economic and budgetary measures needed."

Mr Carter recalled most of his election promises and pronounced everything to be on track.

The President today did not exactly meet the criticism. "We are aiming to submit legislative proposals early next year," he said. He promised immediately to try to bring soaring hospital costs under some control, but he made clear the overall effort would be drawn out, established only "during my time in office."

He also wanted the way he had opened up the Government. He said he had enjoyed doing such things as meeting people who normally never met, presidents and talking "publicly about foreign matters that were formerly considered too secret and complicated for the ears of the American people."

In his speech to the union Carter was characteristically undaunted by the domestic problems ahead. But he wanted it to be very clear that he would stick to his declared approach. The problems could be solved, the country could be fiscally responsible and still satisfy the people's needs, he said. "If we remember that nothing comes easily or quickly, that we must make hard

choices about how to use our resources, and that only a lean, efficient government can translate our good intentions into actions that will improve the lives of our people."

Mr Carter had earlier explained that in aiming, by 1981, to balance the federal government's budget, which is continually in large deficit, he was not some carbon copy of a Republican spending cutter. His programmes have occasionally been compared to Mr Ford's. His balance would mainly come from increased revenues, not spending cuts, he said.

Mr Carter also had special words about energy, his conservation plan and petrol consumption, for this union of vehicle builders. It has been discussed over the "gas guzzler" tax proposed for large inefficient cars, as well as dismayed by the rebates proposed for small cars, which would favour imports.

The President boldly flattered them in saying: "I know you agree that the solution is not to erect trade barriers to keep out foreign competition. It is in using our great American ingenuity to design and produce the right cars for the future."

US commentator praises Sir Peter

New York, May 17.—Sir Peter Ramsbotham, the British Ambassador, is regarded in Washington's little world as one of the wisest, most trusted emissaries Britain has sent to the United States in recent decades, Eric Sevareid, the CBS news commentator, said tonight.

Commenting on the controversy in Britain over the appointment of Mr Peter Jay to replace Sir Peter, Mr Sevareid described Mr Jay as a "man endowed with many gifts—save, possibly, self-effacement."

Mr Sevareid said: "Americans are supposed to be loud, outspoken, uninhibited—the English courteous, restrained, upper lip and all that. In the

little worlds of press and politics, the reverse is the truth. Congressional debates are tea parties compared to the ferocious exchange of insults in the House of Commons. The Fleet Street press is raucous compared to American papers.

"A dozen years ago or so, a new American Embassy chancery went up in Grosvenor Square. It was denounced in the London press and Parliament—too big, too vulgar, too different."

"They have just built their new embassy chancery on Massachusetts Avenue, along what is possibly the loveliest stretch of street in America. It looked like a modernistic factory building. Raucous

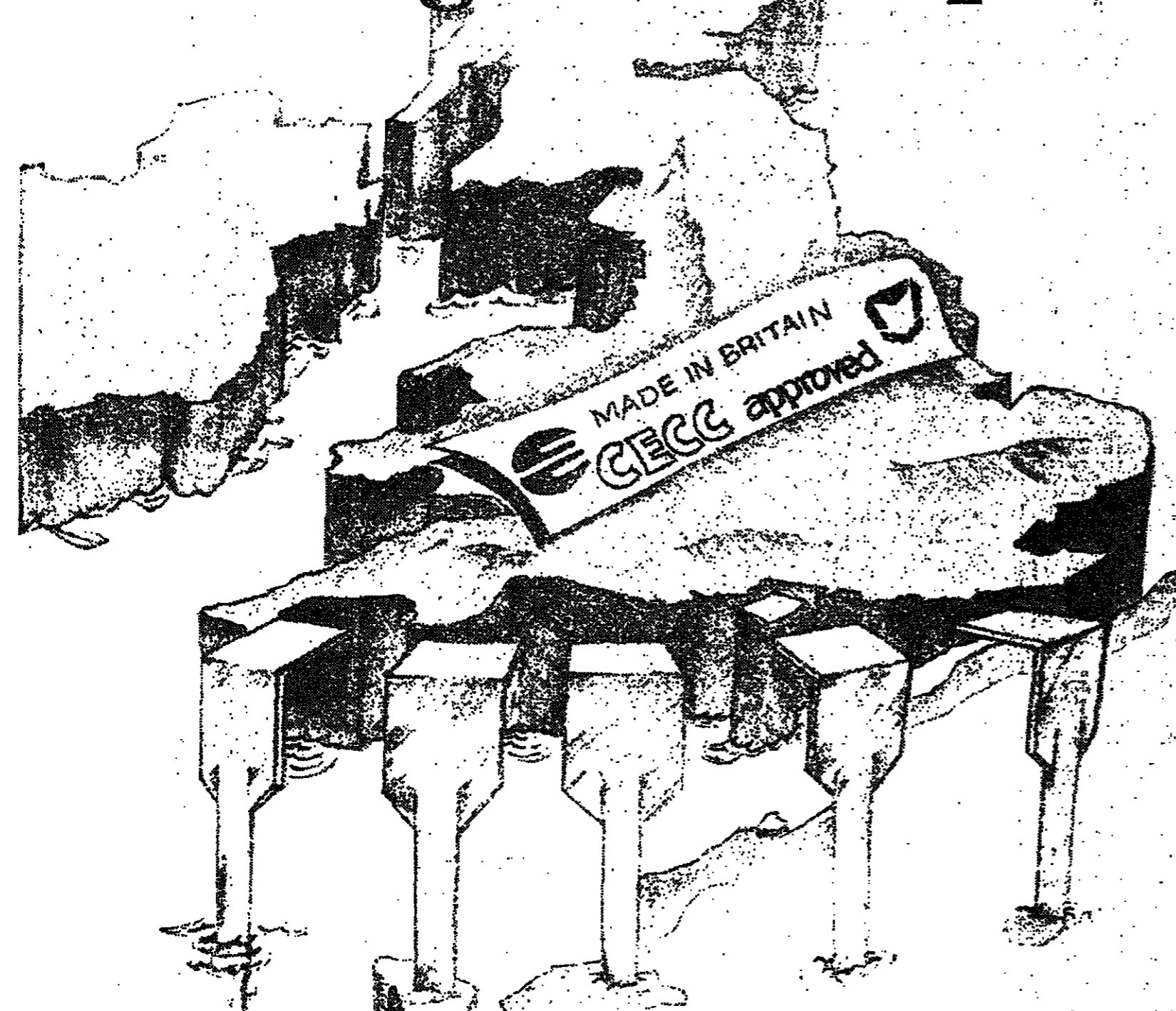
America was silently polite about it.

"Right now, the two countries are exchanging ambassadors. They get King and Brewster of Yale, a gentleman who does no violence whatever to the diplomatic scenery—we get Peter Jay... a man endowed with many gifts, save, possibly, self-effacement."

"Again, ferocity in Fleet Street and Parliament over their man, not ours. Again restraint in Washington—because it's their business and because Mr Jay seems competent enough. American annoyance concerns not Jay, but British word of mouth attacks on... Sir Peter Ramsbotham."

—Reuter.

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Mullard involvement with Europe has been a long one. This involvement, together with access to worldwide resources, has played a significant role in the firm's location in Britain of a major part of the European component industry.

This industry's development and manufacturing capability is growing from strength to strength: a strength that will enable it to face the challenges from the West and East.

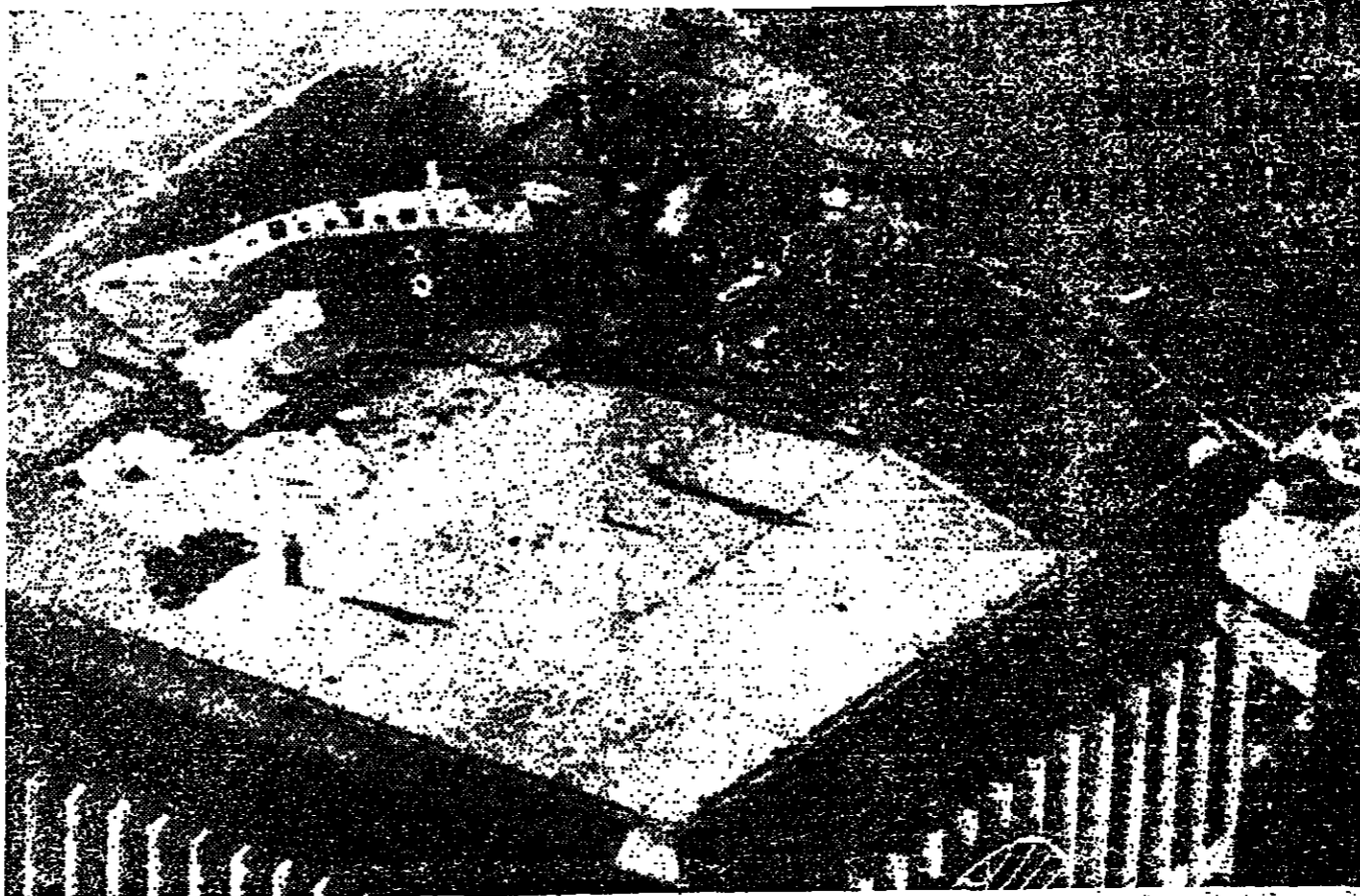
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Ferrying passengers by helicopter from New York's airports to the Pan American skyscraper in Manhattan has stopped after Monday's disaster in which five people died when a helicopter toppled over; its rotor still turning. In the photograph, rescue squads look at the wreckage.

President's tax Bill passed by Congress

From Our Own Correspondent
Washington, May 17

President Carter's proposal to stimulate the economy by reducing taxes has at last got through Congress. The two houses finally approved the Bill yesterday and Mr Carter will sign it when he returns to Washington tomorrow.

Taxes on individuals and businesses will be cut by about £20,000m during the next three years. Originally, Mr Carter also wanted to give almost £30 to everyone, in a once and for all tax rebate. But the idea met

strong opposition in the Senate and the President dropped it, saying the economy was improving faster than expected and the rebate was unnecessary.

It is thought that 46,000,000 taxpayers will pay £65 less in tax annually.

Meanwhile, the joint committee of the House of Representatives and Senate has agreed on Government spending levels for next fiscal year. In a compromise on defence spending the committee finally agreed on £65,823m but that figure was defeated in the Congress

Britain argues case for more talks on Africa

From Nicholas Ashford
Maputo, May 17

Mr Edward Rowlands, Minister of State at the Foreign and Commonwealth Office, said here today that Britain would work urgently to achieve peaceful settlements in Rhodesia and Namibia (South West Africa) by the end of next year.

Speaking first on behalf of the countries of the European Economic Community and then on behalf of the British Government, he told the United Nations conference in support of the peoples of Zimbabwe and Namibia: "The commitment to majority rule in 1978. There can be no backsliding on that."

Mr Rowlands's visit to Maputo to attend the conference has been widely criticised in Opposition circles in Britain. However, his speech today, while perhaps containing slightly more "liberalistic" rhetoric than might usually be heard in a House of Commons debate, was the epitome of moderation compared with some other conference contributions.

He made two points. First, that Britain remained fully committed to independence and majority rule in southern Africa. He emphasized that Britain's presence at the Maputo meeting demonstrated continuing deep interest in the issues of race and freedom.

Second, he stated that in Britain's view armed struggle was not the only way of resolving southern Africa's problems. Even at this "eleventh hour", as he put it, freedom in Rhodesia and Namibia could be established by negotiation rather than by the gun.

Any chance of a negotiated settlement must be seized. Even if an armed struggle were to end in independence it would take years and would certainly cost thousands of lives.

Mr Rowlands spoke out the nature of the latest settlement by Dr Owen's Foreign Secretary. In close consultation with the United States, a British diplomat, Mr John Graham, was to conduct intensive discussions with all the parties concerned. Following which he drafted and presented to the British Parliament.

The constitution would ensure majority rule and safeguard

fundamental human rights of all Zimbabweans of whatever race. Its aim was independence for Rhodesia after free and fair elections.

Mr Rowlands was applauded by a majority of delegates when he finished speaking. He also received a warm handshake from Mr Andrew Young, the United States representative at the United Nations, who arrived here last night and is due to address the conference on Thursday.

Whether any of the so-called "terrorist" leaders present at the conference desired any encouragement from Mr Rowlands's appearance, as some Opposition MPs have claimed, is uncertain.

However, the minister did have private talks today with Mr Robert Mugabe, joint leader of the Patriotic Front of Rhodesia, and Mr Sam Nujoma, president of the South-West Africa People's Organisation (SWAPO), at which he argued Britain's case for a peaceful transfer of power in both territories.

British diplomats have been encouraged by what they believe to be a slightly more flexible attitude being taken by Mr Nujoma on the latest Western initiative on Namibia, although at press conferences today he seemed to swing back to a more militant position than in his speech to the meeting yesterday.

Mr Mugabe is proving a much tougher nut to crack. But the fact that he saw Mr Rowlands today is taken as a sign that he has not yet completely ruled out the possibility of taking part in new constitutional talks.

Significantly, the communist block countries which had been expected to turn out in force have sent fairly low key delegations who have so far failed to make much impression.

Our Lisbon Correspondent writes: The extension by the Mozambique authorities of the time allowed for Portuguese residents to leave has somewhat relieved tension here over the fate of thousands still waiting for transport. They should have left by May 16 but finding space on existing scheduled flights for 20,000 or more people, proved impossible.

Whites vote on sharing power in Namibia poll

From Our Correspondent
Johannesburg, May 17

A turnout of up to 70 per cent was being predicted tonight as whites in Namibia (South West Africa) voted in a referendum testing their acceptance of the constitutional design produced by the multiracial Turnhalle Conference.

Turnhalle delegates have said that a big vote in favour of the constitution will indicate to the world and to other groups in Namibia that the whites are in earnest about power sharing.

Windhoek, May 17.—Two brothers died yesterday when their helicopter detonated a mine which South African sources believed had been laid by guerrillas of the South-West African People's Organisation.

British envoy in discussions on Rhodesia

From Our Correspondent
Lusaka, May 17

Mr John Graham, a British special envoy and head of the Anglo-American consultative group in southern Africa, flew into Zambia today to launch a new initiative aimed at a peaceful transfer of power in Rhodesia.

He is here for talks with President Kaunda. Mr Graham said he came for explanatory and exploratory consultations with all parties concerned with the creation of "a Zimbabwe with a non-racial society."

Mr Graham is due to fly to Botswana tomorrow for talks with Bishop Abel Muzorewa, the Rhodesian nationalist leader. He will later travel to Salisbury for talks with Mr Smith.

Mr Graham will be joined on these visits by Mr Steven Low, the United States Ambassador to Zambia.—Reuter.

Mr Vorster hopes to compromise with US

From Our Correspondent
Cape Town, May 17

Mr Vorster, the South African Prime Minister, is approaching his meeting in Vienna with Vice-President Mondale of the United States in a spirit of confrontation.

The Prime Minister, who flew to Vienna today, also made it clear that he was not going to "take orders" from the United States.

However, in spite of some rhetoric on both sides—and the diplomatic controversy over the forthcoming unofficial visit to Johannesburg by Mr Andrew Young, the American Ambassador to the United Nations—the meeting may well take place on Thursday in a better spirit than might have been expected.

Observers here have noted that Mr Mondale has been stressing his words with care, talking about "full participation" rather than "majority rule" in South Africa, a string of words which invariably raises South African hackles.

There have also been signs that the Carter Administration is taking a keener interest in the affairs of Southern Africa, is anxious to drive Mr Vorster into a corner. The United States, which seeks South African co-operation in the Western initiative for independence in Namibia and Rhodesia, is not, it appears, going to demand immediate progress towards black majority rule in South Africa itself.

South Africa's internal affairs will certainly be on the agenda in Vienna. Mr Vorster indicated yesterday that he prepared to discuss his policies with anybody—but there seems to be no disposition on either side to indulge in a fruitless stalling match.

Mr Vorster will no doubt emphasise to Mr Mondale his concern about the spread of Marxist influence in Africa, a plea which South Africans feel should evoke a ready response in Washington.

The Prime Minister's readiness to cooperate with the United States and Britain in the Western initiative for Namibia and in promoting a Rhodesia settlement has been apparent for some time.

On the Namibian question, South Africa appears to be prepared to assist the Western initiative. The Republic is being as helpful as possible, it seems, in accepting demands for free elections in Namibia under some form of Western supervision. But there are still some problems about the independence process in the territory, with the question of an interim government unresolved.

On Rhodesia, heightened tensions on the Zambia-Rhodesia-Botswana borders in the last few days have added urgency to Dr Owen's new settlement efforts. Here, too, South Africa wants to be helpful in exercising whatever influence it has in Salisbury, but Mr Vorster must keep careful note of white public opinion, which might react badly to overt signs of pressure on Mr Ian Smith.

Mr R. F. Botha, the Foreign Minister, is accompanying Mr Vorster to Vienna. He is one of the younger generation of nationalist politicians and is expected to bring more flexibility and imagination to South Africa's foreign relations.

Mr Botha recently won a landslide election victory over an extreme right opposition in the Johannesburg constituency of Westdene.

In response to Mr Mondale's questions in Vienna about the progress of the South African Government's declared programme to move away from racial discrimination, Mr Vorster will be able to point to his institution of a commission of inquiry to review the whole spectrum of discriminatory labour legislation, which was announced a week ago.

Mr Vorster and Mr Botha are expected to argue that government away from racial discrimination is proceeding steadily.

Black children fly to Moscow

From Our Correspondent
Lusaka, May 17

A Soviet aircraft left here today for Moscow with more than 100 black Rhodesian teenagers aboard. Right security was imposed and reporters were not allowed to question the children, but airport sources said they were going for guerrilla training and education in the Soviet Union. They were the children, aged between 15 and 18, were among those who vanished at the end of January from the Manama mission school in Rhodesia.—Reuter.

Popular views on Hiroshima disputed

By Clive Cookson of The Times Higher Education Supplement

A number of common beliefs about the decision to drop atomic bombs on Hiroshima and Nagasaki in 1945 were contested by Professor Margaret Gowing when she delivered the eighth J. D. Bernal Lecture at London University last night.

One view was that the action was done with very little thought, she said. "In fact there was much discussion and heart searching."

Another was that it was unnecessary because Japan was already defeated, and the bombs were really dropped to justify the expense of the project and the judgment of those responsible (and to forestall the Soviet Union's entry into the war against Japan).

Professor Gowing, Professor of the History of Science at Oxford University, said: "there was evidence that Japan was blind to defeat, whatever the logic of her position." The decision was made mainly to stop the slaughter of the Japanese war.

Not was it true that Japan was given no warning. The Potsdam declaration, which called on Japan to make peace or else suffer complete and utter destruction, was made less than two weeks before the first atomic bomb was dropped.

The second bomb was dropped on Nagasaki, because Japan made no response to the appeal for surrender after Hiroshima three days earlier. Professor Gowing said—not because scientists wanted to try out a different type of bomb.

She argued that it was untrue to say that the bombing decisions were made in the face of opposition from atomic scientists. "They were deeply involved in the operations planning. Moreover, the American committee under the Secretary of State for War, which was set up to consider the use of the bomb, had three famous scientists among its members and had been a scientific advisory panel with four members—all eminent physicists."

Professor Gowing went on to explain that the "seriousness" between scientists and government, and the solidarity and unity of the scientists themselves, was ended not by the atomic bomb (which caused very little agitation for nuclear disarmament) but by the arguments for more destructive hydrogen bombs and its development in 1949-50.

مكتبة الامم المتحدة

OVERSEAS Vorster Red Cross mission was deceived over Indonesian prison conditions, smuggled letter claims

David Watts
A remarkable picture of life in the political prisons of Indonesia, and of the deceptions practised to mislead a team of the International Committee of the Red Cross (ICRC) which visited the camps earlier this year, has emerged in a letter smuggled to the West.

The letter, 16 foolscap pages, was written by a prominent detainee who warned the Red Cross of how prison camps were being transformed in preparation for a visit, to give details of torture and primitive conditions and to catalogue some of the thousands of deaths in the camps since the attempted communist coup of 1965.

Partly as a result of the letter, the Red Cross has taken an unusual step of commenting internationally on one of its visits. Normally, the Red Cross keeps its report only to the government concerned and any details emerge only if that government wants them to be made public.

In its May 4 bulletin, the ICRC says that it "drew the attention of the authorities to the fact that its delegates' findings could not be regarded as a reflection of the real conditions of detention in Indonesia for two reasons; the limited number of places visited and the difficulties encountered during the visits."

The committee goes on: "The ICRC will continue its visits to places of detention in Indonesia on the condition that these difficulties are overcome."

Living details of 26 prisoners moved from the isolation block at Salemba prison, one of the worst, the letter also mentions the removal of Dr. Vandor, the former Minister of Foreign Affairs, and a former Air Marshal Omarani from Nirabaya prison

before the arrival of the delegation.

The writer says the authorities feared that they would have the courage to reveal all the secrets of the inhuman, arbitrary treatment meted out to rapists (political prisoners).

At Salemba the prisoners were given camp beds, pillows, food and utensils before the Red Cross arrived; the prisoners were told that if they were approached by the team they must not speak about their experiences but only about the present conditions in the camp.

Recreational equipment was brought into the camp, including two television sets, a loudspeaker, sports equipment and games. The isolation block where prisoners were kept in their cells 24 hours a day, was supplied with air-conditioning transferred to Budi Utomo camp and the whole camp was cleaned up and repaired.

The Government attempted to present the Red Cross with a completely false picture of the human rights afforded Indonesians, according to the writer. It is estimated that there are 100,000 political prisoners in the country and the United States Congress has labelled Indonesia one of the worst offenders against human rights in the world.

The writer estimates that 90 per cent of the prisoners have been tortured and gives details of abuses. He says there has been a steady decline in both the quality and quantity of food given to prisoners.

Initially, after the majority of the arrests in 1965, prisoners were given two packets of rice a day with few vegetables. The "midday" meal was given at about 5 pm or 6 pm and the evening meal at 8 pm.

Since 1967, the writer says, the number of deaths through beri-beri and malnutrition have increased significantly and the daily allowance has been reduced to 10 spoonfuls of bulgur wheat or 120 grains of corn with spinach and salt, the

former being grown by the detainees themselves. In this latter period prisoners are said to have died at the rate of about two a day. In North Sumatra and Surabaya, the writer says, 15,000 prisoners have died.

At present, the daily food ration in the writer's place of detention has an estimated value of 800-1,000 calories a day except on holidays, when help is sent in by the churches or the Muslim Council, or when a tour of inspection is to be made.

The diet consists of a twice daily ration of 300 grams of rice of about 380 calories per portion, a dish of tempe, a meal made of soy beans of about 100 calories, and spinach and salt with a value of a further 100 calories. The requirement of the body to fuel metabolism, movement and work is generally regarded as 2,500 calories per day.

Some detainees get help from their families, but most do not and are prone to contract a wide variety of diseases.

The writer says that statistics on the number of prisoners freed have been misleading. In 1975 the Government announced that 2,000 people had been released whereas, according to information collected by the writer, only 150 were freed in batches of 30 to 40 people.

At the end of 1976 the release of a further 2,500 was announced but, according to the writer, only 120 were released. The balance of the announced number was made up of people who had been released in 1975 or before. Ambassadors from friendly states were invited to witness the release. "This is the shameless way the authorities deceive them."

On release, the families of prisoners from the Jakarta area were ordered to pay administration costs. These ranged from 25,000 rupiah (E35) for a low-ranking soldier to 1m rupiah (E1,400) for prominent prisoners. A typical peasant income is about 10,000 rupiah a year.



Prince Andrew (kneeling) in a production of "Oliver" at Lakefield College, Ontario, which he is attending until the end of June.

Pakistan political violence

Islamabad, May 17.—Nine people were killed today in clashes in Khanpur, southern Punjab, sources close to the Opposition said. They said a demonstration by supporters of the ruling Pakistan People's Party, protected by police, clashed with a rally being held by the opposition Pakistan National Alliance (PNA).

Seven PPNA supporters were reported to have been shot dead, their bodies being taken away by the police. Two other PNA supporters died later.

The official account of the clashes said that only four people had been hurt and that two of them were in a critical condition. In Sahiwal, northern Punjab, five people, including a local PNA official, were reported to have been injured in fights

In brief

Talks today on Chapman case

Athens, May 17.—Mr Edward Chapman, aged 66, the father of Ann Chapman, a British journalist murdered near here in 1971, arrived in Athens tonight to seek a retrial of the man convicted of the killing. He and his wife plan to meet Mr Constantine Stefanakis, the Greek Justice Minister, tomorrow to discuss the case of Nicholas Moundis, who is serving a life sentence for the murder. Mr Chapman hopes that new evidence will justify a retrial.

Globtik Venus suit

Manila, May 17.—The British-based owners of the oil tanker Globtik Venus, whose Filipino crew went on strike in Le Havre for international minimum wages in March, are seeking more than 560,000 (£350,000) in compensation, the National Seamen's Board said here.

Shots at Turkish ship

Athens, May 17.—A Greek shore battery on the island of Samos fired on a Turkish patrol vessel trying to intercept a Greek fishing boat on Saturday night because it had violated territorial waters, the Government announced here.

Cairo grants asylum

Cairo, May 17.—Mr Abdul Hamid al-Bakash, who was Prime Minister of Libya before the 1969 military coup, arrived here today from London and was granted asylum by the Egyptian Government.

Miss Longet sued

Denver, Colorado, May 17.—The parents of Vladimir "Spider" Sobich, the former ski champion, have filed a \$1.3m (£765,000) suit against the French singer, Claudine Longet, who was convicted in January of the negligent homicide of their son.

Finnish visitor

Moscow, May 17.—President Kekkonen, of Finland, arrived in Moscow today on an official visit.

'Kenya Airways announce the departure of their daily flight to Nairobi'

Fly to Kenya the Kenyan way! Flights leave London every day at 19.30. From July 1st to Sept. 30th there is an additional flight on Sundays. Destinations beyond Nairobi include the fast-growing holiday spots of Mauritius and the Seychelles.

As a member of IATA, Kenya Airways offer you all the standards of service and protection you associate with any large airline.

For information, reservations, etc. contact your travel agent or: Kenya Airways, 13 New Burlington St., London W.1. Phone 01-734 3865 or 01-437 8163.

HEATHROW Daily at 19.30



KENYA AIRWAYS

Lebel Poles can be held for months

Warsaw, May 17.—A Polish seculor has issued an order which four members of the 'Dziwni' Defence Committee who were detained over the weekend can be held for three months, dissident leaders said today.

The four men—Mr. Jacek, on the committee's spokesman, Mr. Adam Michnik, Mr. Jan Maciejewicz and Mr. R. Naimski—were arrested Saturday while trying to lead a student demonstration in Warsaw, after the death of a student who had worked with the committee.

The authorities say that student, Pyjas, a 23-year-old, died from a fall while he was drunk. Fellow students have alleged he was dazed.

The order, known as a 'prosecution', was also served on Wojciech Ostrowski, who was detained in Cracow with Maciejewicz and brought to Warsaw with him.

Without the sanction, police hold people for only 48 hours. Although detainees may be released before the three-month period expires, if the period expires without their being released and brought to trial, the sanction can be renewed.

Dissident sources said the prosecutor told Mr. Naimski's wife, Grazyna, that her husband and the others were being investigated under a penal article on contacts with foreign organisations abroad.

Under the same law, Mr. Kuro, Mr. Michnik and other committee members, including Jan Jozef Lipski, who is in detention, have not been indicted for

a committee was set up to investigate the deaths of workers arrested or dismissed for taking part in food riots last June.—Reuters.

Japanese ex-minister in scuffle

Tokyo, May 17.—Opposition members in the Japanese Parliament rushed at Mr. Keiichi Masuhara, the former Defence Minister, and knocked him to the floor during a controversial debate today on military bases.

Mr. Masuhara, aged 73, also had his glasses knocked off but escaped serious injury. The incident happened during discussion of a Bill involving continued use of private land on the island of Okinawa for Japanese and American bases.

Scuffling began when Mr. Masuhara, chairman of a parliamentary committee discussing the Bill, gave his casting vote to a resolution by the ruling Liberal Democratic Party to stop a question and answer session.

There was a similar incident last night when Mr. Masuhara, an LDP member, convened the committee in the hope of winning approval for the Bill to go to the Upper House.—Reuters.

Singapore Stock Exchange

On April 4 we published a Reuters report of a speech by Mr. Lee Kuan Yew, the Prime Minister of Singapore, to the Singapore Law Society which said that Mr. Lee had sharply criticised the Singapore Stock Exchange for, among other things, protecting its own sectional interests at the expense of the public investors, and had warned of possible Government intervention.

A Reuters correction, which we did not carry, had explained that Mr. Lee had said he was quoting remarks he made in 1970. We accept that there were no grounds for the criticisms we reported them in any event.

We regret our story was misleading in failing to make clear the context and implications of Mr. Lee's comments and wish to apologise to the chairman and committee of the Singapore Stock Exchange.

Low prices at Christie's first New York art sale

Our Own Correspondent
New York, May 17
Christie's held their first art sale in New York last night in an attempt to win a share of the city's growing art market.

But though they raised a total of \$4,172,000, 3,000, mainly from the Impressionist and post-Impressionist paintings, the sale was regarded as disappointing.

The highest prices were \$100 for a Van Gogh, "La Jeune Femme", \$250,000 for "Baigneuse couchée", by Matisse, and \$330,000 for "Buste d'homme" by Picasso.

Together 33 pictures were sold and 27 were withdrawn as bidding did not reach reserve prices set by their owners.

Raymond Klein, a collector from Philadelphia who bought the sale afterwards, said he had been prepared to bid up to \$1m for the Renoir.

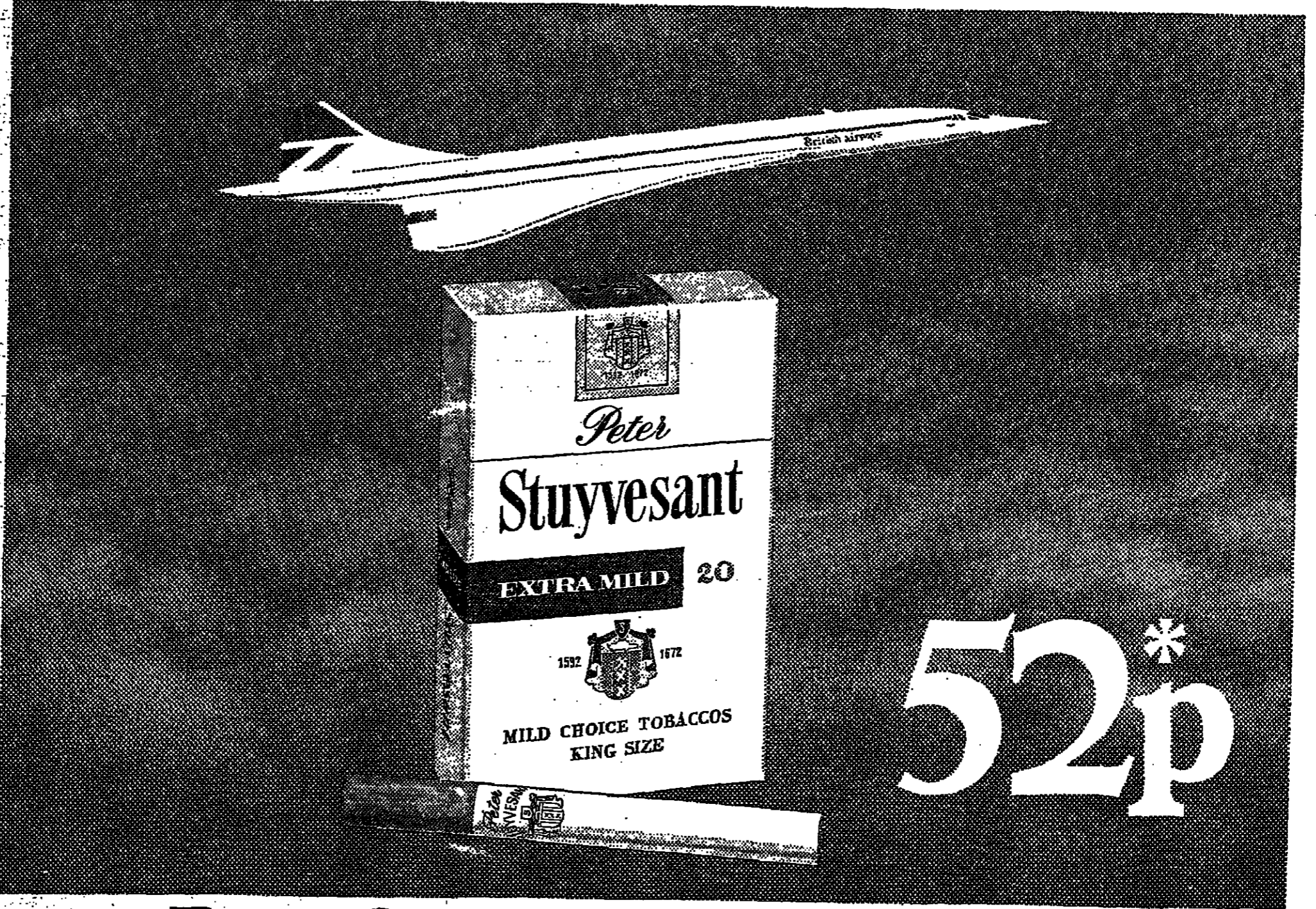
Christie's opening had been awaited with enormous interest in the New York art world, not least because of their clear challenge to Sotheby Parkers-Bernet. The sale room was packed out, with people standing round the walls.

The main innovation introduced by Christie's in New York is a system by which the seller and the buyer each pays a 10 per cent commission. This is different from the one used by Sotheby Parkers-Bernet, by which the seller pays the whole commission.

Geraldine Norman writes: Christie's have been required by law to report prices in New York inclusive of premium while they have always refused to do this for London and other European sales. This applies to all the prices quoted above. They have also been required to issue sale totals net of unpaid taxes; the knock-down total of last night's sale came to about \$7m of which \$4.1m was sold, as reported above.

The lowest tar King Size

As shown in H.M. Government latest tables 1977.



Peter Stuyvesant Extra Mild

...setting the pace in modern smoking.

*Recommended price for 20, correct at time of going to press.

LOW TAR GROUP As defined in H.M. Government Tables.
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

Some easy pickings for southern 'vultures'

Hot. 20-1 Jany. Prince. 1st-1 Value
Yellow Star. 13 rap.
NOTE: Win 88p. placed. 17p.
11p: dual forecast. \$1.00. W. Lissy
Malton Gr.
NOTE: Don't Bet. Final Bird 7p
Jackville: \$12.00. TREBLE: 1000000

PORT

Football

Orient stay in second division

Michael Archer

Hull City's 1-0 victory over Orient last night secured the latter's place in the second division for another season. The result was a relief for the club, which had been in danger of relegation.

Orient's previous goal, scored by Jackson, was a consolation for the club, which had been in danger of relegation.

The match was a close contest, with both sides having chances. Hull City's goal was scored by Archer in the 85th minute.

Orient's manager, John Bond, said: "We are pleased with the result, but we know we have a long way to go to avoid relegation."

Hull City's manager, Brian Clough, said: "We are pleased with the result, but we know we have a long way to go to avoid relegation."

Sunderland need one point to defy logic

By Norman Fox

Football Correspondent

Sunderland hit rock bottom of the first division last night. Early in February they were still there, having won only two games, and given a new manager, Jimmy Adamson, a desperate situation to resolve. Yet of the three threatened clubs they stand marginally the best chance of avoiding relegation when the season's two remaining matches end.

Sunderland's position is precarious. They need one point to stay in the first division. If they lose to Arsenal on Saturday, they will be relegated.

The club's manager, Jimmy Adamson, said: "We are in a desperate situation. We need one point to stay in the first division. If we lose to Arsenal on Saturday, we will be relegated."

English aim goes awry after an early score

Glasgow Select 2 Football League 1

When Stuart scored for the Football League after only five minutes of this jubilee game at Hampden Park, it seemed as though the English might swallow the Scottish. But some amazing missed chances by the Football League and a fortunate penalty awarded brought the Scots back into the game.

Tusart's goal came from a cross by Stanley, backheaded by Channon and Ruff had no chance to clear. The Scottish player's shot. The Englishmen then dominated the half but Channon once again missed a chance to score.

The English build-up was good but their finishing much too casual. Early in the second half Glasgow were given a penalty when Johnstone stumbled. Jardine equalised from the spot.

The bitter memories that still affect German Jews

This week's guest column is contributed by Julie Neuberger, a rabbinical student at Leo Baeck College, London.



There is a great problem for many Jews in visiting Germany, and it has no readily available solution, because in going to Germany, many Jews feel that they are betraying those who died on German soil or by German hands, that they are being disloyal to their ancestors, and that they are forgetting the past and allowing the memory of those who were murdered to sink into oblivion. Some of this was present in my mind when I first went to Germany some years ago. On that occasion, I encountered a member of the NPD, a neo-Nazi, who told me that many of Germany's economic problems were caused by the Jews. Then, in my halting German, and half-weeping with rage and frustration, I explained that I was Jewish. Now, if that happened, I might be better able to handle it, for last year, at a Jewish-Christian conference in Germany in discussion with German Christians, I experienced a degree of intimacy rarely achieved here, for the problems German Christians have in dealing with Jews and the problems Jews have in coming to Germany were discussed freely and everybody was prepared to talk, to listen, and, above all, to express their own guilt.

Synagogues have been rebuilt, but are not full; communal halls exist, but are rarely used; the Jews of Germany exist now in tiny scattered communities with little leadership; they are not an outward-looking group, and those that one meets seem self-contained and sad, a remnant with memories that have not faded but which they do not wish to face.

During the conference we went to a service on the Friday evening in the local synagogue—the few Jews of the town told us that it was this that they really looked forward to throughout the year, with the synagogue full to overflowing, no seats to spare, and a communal supper afterwards in the hall with singing and dancing. For us, spectators, it was over-emotional and almost meaningless, but for the few German Jews there it was not—they sat with tears pouring down their faces, partly of joy, partly of sorrow. One old lady, sitting bolt upright and weeping, told me that when one saw celebrations such as this, one could still believe that the Jews were a people with a heart. She had little time, however, for most of the present Jewish community—they were neither German nor religious, so she could find nothing to say in their favour. The only encouraging thing she could see was an influx, albeit a slow one, of Jews from South America, of German ancestry, who were trying, gradually, to build up the community again. As for talking to Christians—what for? Had they not done us enough damage? Could she not live out her last days in her birthplace in peace, without being bothered?

Perhaps expressed it best—for the German Jews, there is no point in talking to Christians, for the problems are too great and the anger too close. Nevertheless, Christians in Germany need Jews to talk to, and as a result they have to import them. At the conference I attended, most of the Jews were English—the German Jews stayed away—yet we ate, drank, studied and discussed in English and German, and a language halfway between the two which defies description, and despite the difficulties there was communication on a very profound level, and I was left with the impression that it is on German soil, with all its complicated and bitter memories, that some real Jewish-Christian understanding is achieved, even if it is as yet without the participation of the Jews living in Germany.

Times Newspapers Ltd, 1977

Football

Day's football

1st division (kick-off 7.30)
Hull City v Arsenal
2nd division (kick-off 7.30)
Sunderland v Arsenal

Ticketless travel to Wembley discouraged

The Football Association admitted yesterday that they would never stamp out black market Cup final tickets. But the secretary, Ted Croker, is confident that FA are winning their battle against the ticket touts.

Mr Croker, while admitting that the FA are not winning their battle against the ticket touts, said: "We are winning the battle against the ticket touts. We are winning the battle against the ticket touts. We are winning the battle against the ticket touts."

Juventus face stiffer task against Bilbao

Bilbao, May 17.—Adriatic Bilbao are confident of wiping out a one-goal deficit in the second leg of the UEFA Cup final here tomorrow to bring Spain their first European trophy for 11 years. Juventus won the first leg by 1-0 in Turin a fortnight ago, thanks to an early goal by Cardelli. But they will face a stiffer opposition from Adriatic here. The match starts at 8.00 GMT.

Results yesterday

Representative match	Score
Glasgow XI (2) v Football League XI (1)	2-1
Second division	
Swindon (2) v Bolton (1)	2-1
Grimsby (1) v Hull (0)	1-0
Third division	
Swindon (3) v Portsmouth (0)	3-0
Fourth division	
Newport (1) v Warrington (0)	1-0

Football

Matchplay could be leveller

Star Ryde

Correspondent

Matchplay between Spanish and Italian professional golfers will be the centrepiece of the match-play championship tournament which begins at Stoke Newington today.

Tennis

Three top seeds find little opposition in first round

Roma, May 17.—The three top seeds, Adriano Panatta of Italy, Guillermo Vilas of Argentina, and Jiri Nepraschylova of Czechoslovakia, found little opposition in the first round of the Italian Open tennis tournament here today. Panatta, the defending champion, defeated a local amateur in straight sets. Vilas, the second seed, defeated a local amateur in straight sets. Nepraschylova, the third seed, defeated a local amateur in straight sets.

Athletics

Severe test for Miss Lannaman

Sonia Lannaman faces the moment of truth when she runs in the athletics meeting sponsored by the British Athletics Federation today. The 21-year-old runner has her first important competitive outing in the 100 metres since the start of the Olympic Games and the start of the most injury-troubled period of her sporting career.

Yesterday's results in Rome

Men's Singles	Score
Adriano Panatta (Italy) v Guillermo Vilas (Argentina)	6-3, 6-3
Guillermo Vilas (Argentina) v Jiri Nepraschylova (Czechoslovakia)	6-3, 6-3
Jiri Nepraschylova (Czechoslovakia) v Adriano Panatta (Italy)	6-3, 6-3

Yachting

Fine conditions for Tomatin Trophy series

By a Special Correspondent

When conditions are right there is no finer place to race a yacht than the west coast of Scotland, and the fleet gathered at Tomatin in Loch Fyne yesterday for the Tomatin Trophy series had their wish granted. The southerly wind held true in direction, never blew over 18 knots, and the sun shone from a cloudless sky.

Rugby Union

Well trained Lions eager for successful tour

Mastermind, New Zealand, May 17.—The British Lions Rugby Union players will have their first game for several weeks here tomorrow and are eager for the New Zealand tour to be as successful a way as possible.

Hockey

Gregory to lead at Folkestone

Sixteen hockey players from the England Under-21 squad, led by Gregory, have been selected to represent England in the junior European tournament to be staged at Folkestone from September 15 to 18.

Football

Lyle is in the England

Lyle is in the England golf team which aims to be the country's standing in the open team championship. The team will be captained by Lyle.

Football

Wolves' success in first round

Wolves' success in the first round of the FA Cup. The team defeated their opponents in a comfortable victory.

Football

Wolves' success in first round

Wolves' success in the first round of the FA Cup. The team defeated their opponents in a comfortable victory.

From rhyming couplets to sex, satire and success

The trappings of success are visible and pleasant, the philosopher said, at the very overlooking the river in spring, the telephone calls, the photographer, the artist, an interviewer. Erica Jong sits in the middle of it, calm and poised after an overnight flight from New York without much sleep. Her first novel, *Fear of Flying*, made her a celebrity. For the first time, a woman had written a novel which was not only funny but also one in which she allowed herself the freedom to discuss and describe sex—something which has, up to now, been allowed to men.

writers is not of their books, but on the male critic's notion of what a woman should be and isn't. It runs: "If she were my wife and she wrote a book like this, I'd kill her"—it's not literary criticism, it's criticism from a patriarchal society.



Erica Jong, author of *Fear of Flying*.

The bulldozers' threat to our Roman heritage at Milton Keynes

The trouble is that archaeological sites especially unexcavated ones are not spectacular

A high-contrast, black and white portrait of a man with glasses, resting his chin on his hand. The image is grainy and has a stark, almost binary appearance, with deep blacks and bright whites. The man is looking directly at the camera with a serious expression. His hand is positioned under his chin, with fingers slightly curled. The background is dark and indistinct.

The motion called for "the establishment of a committee on economic and industrial affairs which would have the powers of both a select committee to investigate, call witnesses and report on matters within its remit and also of a standing committee to consider any legislation that falls within

© Times Newspapers Ltd, 1977

The five or six ditches in fact excavated suggest a first century attempt to drain the land as an aid to the establishment of a permanent civilian settlement. An Ironstone wall has been found, suggesting a building in later and more prosperous times. In short, we probably have a previously unknown Claudian fort at Magorvunum, which would make it a monument quite as significant to our national heritage as Wentmore Towers. Magorvunum could

up first of all for six months by Mrs. Freda Uuwia, the owner of the land under which Magiorivian lies, who wanted eventually to get a cattle-camp under the new road for her stock. Then last summer the (D) was postponed for one or two years because of the high government expenditure. However, it is likely that bulldozers will start cutting through Magiorivian late this year or next year. The Action Council has suggested an alternative route for the second part of the road across the Rorua, following one of the

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WILSON REYES
SELECTED FOR CONSTRUCTION

**NO ACCESS FOR
CONSTRUCTION TRAFFIC**

And it is not only working conditions of which the reality contrasts so sharply with the claims made—and believed. It is also living conditions:

The weather was warm, doors

Then, when I received a chain letter, the other day ordering me to send 20 copies to friends and acquaintances.
 I thought, "I will leave you within 96 hours," the instructor said. "Send 20 copies and see what happens on the fourth day after. Trust in the Lord with all your heart in the knowledge that he will lighten the way."
 Now the last bit is fine; a good Biblical sentiment. The occult overtones of the rest of the letter, however, displeased me greatly. Dire penalties were implied if I did not follow the instructions, well . . . to the end.
 This so-called "prayer," devised I was informed by "a missionary in Venezuela," went on to warn A Mr Brandt received the letter, lost it and forgot to look for it. Then he found the letter sent him 20 copies and got a better job.

Lord with all your heart in the knowledge that he will lighten the way."

Now the last bit is fine; a good Biblical sentiment. The occult overtones of the rest of the letter, however, displeased me greatly. Dire penalties were implied if I did not follow the instructions, well . . . to the letter.

This so-called "prayer" devised I am informed by "a missionary in Venezuela" was sent to him. Mr Brandt received the letter, lost it and promptly lost his job. Then he found the letter, sent out 20 copies, and got a better job.

Top people who read this newspaper will care to note that last Thursday, the viewing day at Memphis for "special guests" 12,000 visitors passed the gates. On Friday, Saturday and Sunday, when anyone (well, anyone not so special) could visit, the figures were 8,000, 5,000 and 5,000. I noticed that the sets of enclosures (five in number) that were officially priced at £30 were being peddled at an astonishing £100 the set.

A PR person with a seductive smile tried to assuage the launching of *Dear* with the musical which will receive its premiere in London in August. What, I wondered, did she mean. Not Dean Acheson, surely? Of course not. It had to be the famous grandson of one of C. P. Snow's novelists. From French windows, Lanza watched through misty eyes as the dean walked out of her life and into oblivion.

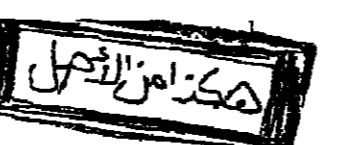
My blunders were shattered when the lady told me that her cousin was looking for a young, unknown actress to recreate the legend. "Hopefully," she added, "PR-wise, he will be keen on speed". What, I did not dare to inquire, if he only liked marijuana?

When the penny finally dropped, I realized that she was seeing in motion yesterday's success for a new James Dean. For the new musical is based on the life of the legendary Hollywood star, who was killed in a motor crash at the age of 24 in 1955 (the year after I was born).

vent wrong
In the logical world, a postscript *follows* death. Not so in the world of round cables. It is an ominous trend, except here and there and compulsive organizers.

A conference has just concluded in Sweden where scientists and technology experts discussed the failure of a conference that was not due to be held until next year.

A panel, apparently, drew up a working paper in which they would provide guidelines for the year 1978 meeting. The just-ended Swedish talks found a number of inbuilt failure mechanisms "in the 1975 proposals. So, next year's conference will now take place in



THE TIMES

BUSINESS NEWS

5,000 Chloride workers strike over productivity dispute, page 22

Lonrho still an enigma in the City, page 23

Bonn has doubts about reaching its 5pc economic growth target

From Peter Norman, Bonn, May 17

Within less than 10 days of the London economic summit, at which it was thought that Chancellor Helmut Schmidt had committed West Germany to achieving a real economic growth rate of 5 per cent this year, Dr Hans-Friedrich, his economic minister, has publicly expressed doubts on his country's ability to meet its target.

Dr Friedrichs told a meeting of foreign journalists in Bonn that he expected the economic growth rate this year would be "four before the decimal point".

It could be 4.3 per cent or 4.7 per cent, he said. The 5 per cent target enshrined in the Government's annual economic report no longer seemed probable because of disappointing developments in the first few months of this year.

There has been a lingering uncertainty about Germany's economic outlook for some months, not least because of the industrial order and production figures have been in a state of total confusion since the statistical sample on which they are based was reformed at the beginning of the year.

But uncertainty has tended to turn to gloom, since the publication of the April unemployment figures, which showed that Germany still had a jobless total of more than a million.

Today Dr Armin Giesecke, the deputy government spokesman, said the German Government's economic growth target

was still 5 per cent. "But it would not be a disaster if growth turned out to be 4.7 per cent or 4.8 per cent," he added.

It was unrealistic to expect growth targets to be held to the nearest decimal point. "We aimed for 5 per cent last year and got 4.9 per cent and nobody complained about that," Dr Giesecke said.

The cabinet is to discuss the high level of unemployment at its meeting on May 25.

It is expected to decide on a limited job creation programme and to take steps to aid the building industry, which is still in a state of severe recession.

But, according to government sources, there is no chance of further funds being made available besides the DM16,000m (about £4,000m) infrastructure programme decided earlier this year. This programme is due to be pushed through over the remainder of this decade by the Federal and State Governments and the local authorities.

In terms of cash, the most that seems likely at the moment is a reallocation of money used by the Federal Labour Office.

Last November about DM450m was set aside by the Federal Government to help finance those prepared to move home to take up jobs. The Labour Office has paid out only a quarter of this amount so far, but it claims that applications for the pipeline should absorb at least another 50 per cent of the funds available.

Surveillance licences for imports of steel

By Edward Townsend

Surveillance licences covering a wide range of iron and steel products imported from non-EEC countries will be required from next Wednesday, the Department of Trade announced yesterday.

The licensing system, introduced under the so-called Davignon Plan, which sets minimum price levels for the European steel industry, goes some way to meeting union and industry demands in Britain for a more detailed form of import monitoring in a bid to establish whether dumping is taking place.

The surveillance licences will be valid for three months and, said the department, issued freely against evidence, in the form of correspondence or orders, of the intent to import.

Importers will be required to provide some detailed information about quantity, value and domestic market price in the country of origin.

The price details will be of particular value under present rules in determining whether imported iron and steel is being dumped.

Minimum prices laid down on the basis of the Davignon Plan, drawn up by Viscount Edmond Davignon, the European Commissioner for Industry, produced some opposition last week from the British Steel Corporation, which described them as unrealistic.

It was feared that the introduction of voluntary minimum prices could tend to drag down British prices.

There was concern that third countries outside the EEC could regard the new minimum figures as allowing them to export to Europe at low prices.

The BSC considers that the licensing system will only slow down rather than stop the process.

Slow rise in industrial production

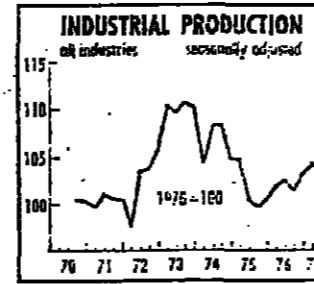
By David Blake, Economics Correspondent

Britain's industrial production continued to grow slowly during March, but there were tentative signs that engineering and the investment goods industries may be going through a slightly better time now than they were at the turn of the year.

The all-industries index rose to 104.3 from the February level of 104.1. During the first quarter of 1977, production increased over the previous quarter by 1 per cent.

Comparison between quarters is generally thought to be the best indicator of how industry is performing because the monthly index has a notorious tendency to jump around.

The investment goods industries have carried almost all of the burden of the increase in production, limited in scale though it has been. Investment goods production was 2 per cent higher in the months January



to March than it was during October to December; the increase in consumer goods production was 0.3 per cent, while that in the intermediate goods industries was 0.5 per cent.

The figures fit in with the Government's belief that there will be a big increase in investment this year while consumer demand will stay fairly stagnant. The relative stagnation of consumer demand has been shown in retail sales figures

over the past few months. Investment surveys do suggest that there will be some improvement as the year goes by.

But the figures also provide a reminder of how low a base the investment industries start from. Whereas in March the index for intermediate goods industries stood at 105 (1970 is taken as 100) and consumer goods were at 113, investment goods industries' output was only 102, even after the recent rise.

Within industrial groups the star performer has, naturally enough, been the mining and quarrying group which includes North Sea oil. Output of this sector was 8 per cent higher in the first quarter than it was in the final quarter of 1976.

The other industry which has been improving steadily in the first months of the year is engineering, which accounts for more than 30 per cent of total

output and was 1.3 per cent up in the first quarter.

Although the latest results show industrial output 2.5 per cent higher than a year ago (manufacturing is 3.5 per cent up), the picture for the decade as a whole remains gloomy.

Output is only 4.3 per cent higher than it was in 1970. The world recession has not helped, but other industrial countries have managed to do considerably better.

Taking 1970 as a base of 100, at the end of last year production (excluding construction) in Belgium was up 22 per cent, in France it was up 26 per cent and in Germany 13.5 per cent. America had an increase of 22 per cent, Japan one of 28 per cent, and even Italy, often linked with Britain as the sick men of Europe, had raised production 27.5 per cent. In the United Kingdom the equivalent increase was 5.7 per cent.

Table, page 20

British exports share \$300m deals using foreign currency financing

By Peter Hill, Industrial Correspondent

Two British export deals worth a total of \$300m (about £176m)—one for the Soviet Union and the other for the Middle East—were announced yesterday.

Both deals are the first major foreign currency credit agreements signed in two years ago. The take-up of the facilities has until now been slow and next week Mr Dell, the Secretary of State for Trade, will have talks in Moscow on further possibilities.

The Middle East deal, worth \$40m—the first syndicated United States dollar denominated British export credit negotiated under the new Export Credits Guarantee Department (using ICI technology) with a

total contract value of \$250m. The project was a new gas gathering and treatment plant being built in Dubai by McDermott Middle East Trading of Houston, Texas.

The aim of the new foreign currency financing measures is to encourage exporters to use a form of financing which benefits the balance of payments, and which, because it does not require refinancing, reduces the burden on public expenditure.

Also the use of foreign currency may allow exporters to quote more competitive prices if the currency concerned is at a premium in the forward market.

Morgan Grenfell, merchant bankers, were involved in arranging finance for both deals.

supply of British capital equipment for a new gas gathering and treatment plant being built in Dubai by McDermott Middle East Trading of Houston, Texas.

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DoT inquiry into affairs of Ozalid

By Our Financial Staff

Inspectors have been appointed by Mr Dell, Secretary of State for Trade, to investigate and report on the affairs of Ozalid, the office copying equipment supplier company, which has been the subject of an investigation by the Monopolies Commission and was recently taken over by the Dutch office banking firm on the front line of the market.

Dr I. V. H. Pennings, who was appointed deputy chairman and managing director of Ozalid in April, after the takeover, said yesterday that he was completely satisfied that the investigation had nothing to do with the company's financial affairs.

The board of Ozalid understood that the investigation under section 165(b) of the Companies Act 1948 related to "specific events" occurring before the Dutch company moved in.

Step nearer democracy for Williams & Glyn's

A first cautious step towards greater worker involvement in banking has been taken by Williams & Glyn's, and must banking firmly in the front line in the development of industrial democracy.

An interim report of a working party between management and the National Union of Bank Employees (Nube), set up more than two years ago, branches the sensitive issue of worker directors on the board, but has decided in favour of further studies.

Nevertheless it contains mild criticisms of consultation from senior management levels and urges a more efficient system as a priority. The working party unanimously agreed that the first effort should be directed towards developing efficient consultative systems as a means of achieving more effective participation. But it failed to agree on the details.

By a majority decision it recommended establishing a corporate council for consultation at top level, with the development of further consultation lower down. But a minority wanted the process reversed, with improvements starting from the lower levels and moving upwards.

The working party recommends the development of the consultation at divisional level, although not imposing it, and suggests the establishment of divisional councils.

The corporate council should, for example, be involved in both formulating and communicating the bank's corporate plan, and so would meet at least twice a year. A continuing dialogue would flow from working parties formed from members of the council. While confining the council to consultative issues, the working party decided not to detail its scope.

The report touches on the highly sensitive issue of non-union staff in the development of the consultative process but says that, and perhaps significantly, that no firm conclusions had been reached.

But on the corporate council, which would have 12 to 14 seats, management representatives should include the highest levels of senior management, and the director level. The working party spells out in detail some of the options for electing staff representatives, but again no final decision is reached.

The report falls far short of a full-blooded involvement by workers with a succinct statement that "consultation itself must not impede management's right to make decisions in order to react to events of a commercial significance."

It also emphasises the need for secrecy when information is disclosed, particularly where the information relates to individual staff members or customers.

The report says people no longer accept that authority and the right to demand unquestioning obedience automatically go with position or social status. Employees need a sense of achievement and involvement. It says participation has to a degree been forced on employers by legislation requiring the disclosure of certain information to employees.

A minority report of the working party proposes a number of participation procedures to evolve from lower levels upwards. It urges the extension of the present office representatives system to overcome the difficulty of organizing a large number of lower level bodies.

Christopher Thomas

Opec prices policy 'still unsettled'

By Roger Viehove

Mr Ali M. Jaidah, Secretary General of the Organization of Petroleum Exporting Countries (Opec) said last night that it was "premature" to speculate on when the two-tiered price system that has operated since the beginning of this year would revert to single pricing.

He was commenting on reports from the Middle East that most of the 11 countries that voted for a 10 per cent price rise from January 1, with the option of a further 5 per cent rise from July 1, had decided to forgo the mid year price increase.

There has been speculation that if the 11 Opec members renounced the price increase, Saudi Arabia and the

United Arab Emirates—which only increased prices by 5 per cent on January 1, would be prepared to accept a further 5 per cent increase from July 1, bringing their prices into line with other Opec members.

Mr Jaidah said there had been a concerted effort among member countries to secure a single price as was the practice in the past, but there had been no final settlement yet.

Amr-Elie writes from Dubai: Sheikh Ahmed Zaki Yamani, Opec oil minister, said yesterday after a 4-hour rise to the United Arab Emirates that Saudi Arabia would not alter its position on oil prices despite current attempts to end the dual price system within Opec.

After holding discussions with Mr Mansur bin-Said al-Otaibi

UAE oil minister, Sheikh Yamani held a press conference at which he said Saudi Arabia was anxious to reach a settlement of the price issue with fellow Opec members, but would continue to levy the 5 per cent increase announced by Saudi Arabia and the UAE at Opec's last summit in Doha, Qatar.

Asked his views of present attempts to reconcile the 5 per cent increase with the two-part, 15 per cent rise decided upon by the member 11 Opec members, Sheikh Yamani said these efforts were still at an early stage and "had not yet reached a satisfactory conclusion."

The Venezuelan oil minister recently completed a tour of the Opec countries aimed at finding a compromise solution.

Two directors leave board at Beaverbrook

Beaverbrook Newspapers announced the resignation of two of its directors yesterday as speculation about the future of the newspaper group continued. The directors involved are Mr John Dyer and Mr B. T. C. Nicholson.

Their resignations follow that of another boardroom member, Mr Peter Hetherington three weeks ago, and are thought to arise partly from the boardroom rift which led to the short-lived dismissal of Mr Jocelyn Stevens, the chief executive last month.

Beaverbrook "A" shares rose by around 5p at one stage yesterday as rumours of the plans to merge the Standard Occidental group were ready to make a full bid for the company. However, after active trading the shares fell back to close unchanged at 56p.

Plans to merge Beaverbrook's London evening paper, the Evening Standard with its rival Evening News were suspended last month after Sir James intervened with an offer to restore the possible means of maintaining the Standard independently.

City dissatisfaction grows over terms for Cavenham

By Christopher Wilkins

Amid growing City dissatisfaction with the terms of the partial bid by Sir James Goldsmith's Occidental for Cavenham, it emerged last night that a group of leading institutional investors is to meet during the next few days to consider whether to demand a better offer.

The meeting will be attended by a number of pension funds, who together hold almost 10 per cent of Cavenham's shares. It is clear that the funds had been expecting a bid for the minority in Cavenham, and yesterday they were expressing widespread discontent that Sir James's offer is only to be for half of the 49 per cent of Cavenham which it does not own.

If the funds decide they feel strongly enough about this issue to take it further, it seems likely that any representations will be made collectively on their behalf through the medium of the investment protection committee of the National Association of Pension Funds.

Among the pension funds

believed to hold Cavenham shares are those of British Airways, British Rail, British Steel and Shell.

A key factor in determining the attitude of the pension funds could be the position of the Prudential Assurance, which is the largest institutional shareholder in Cavenham with a 7.5 per cent holding, although there is no question of the Pru participating in the pension funds' own discussions.

It was widely believed that the Pru had reached agreement with Sir James on terms for a bid, and that a decision by the Pru to accept would influence other big shareholders. But while the Pru had certainly talked to Sir James and had spelt out the kind of terms it would consider acceptable, it is now clear that those earlier talks were on the basis of a full, not a partial bid.

The Pru declined to comment yesterday on whether or not it would accept the offer, but it appears to be less than enchanted with the partial offer.

Financial Editor, page 23

Reyrolle Parsons attacks 'exaggerated' GEC claims

By Malcolm Brown

Argument over the future of the turbo-generator industry took a new turn yesterday when he heard of Reyrolle Parsons' attack on GEC's claims of superiority.

Mr Bob Davidson, managing director of GEC—Turbine Generators, had mentioned serious Parsons' problems with a loss of four power stations, and said that of the last 26 turbine generators ordered in the United Kingdom, 11 had been won by GEC in competition. He also gave a warning that a decision to give Drax B to Parsons before a nationalisation of the industry would be disastrous.

GEC and Parsons are fighting over the restructuring of the industry, with GEC adamant that it should have control and Parsons opposing such a solution.

Reyrolle Parsons said yesterday that it "deplored" certain derogatory statements which had been made. The references to past generator problems had been exaggerated.

Again in interpreting the number of machines ordered in the United Kingdom, it has always been a characteristic of the market that orders go in phases and so different statistics can be arrived at by considering various periods of time.

Mr Varley to approve new Mini next week

By Clifford Webb

Mr Varley, Secretary of State for Industry, is expected to announce the Government's decision on the British Leyland review study in two stages.

The first—probably on May 26—will authorize the Leyland Cars subsidiary to go ahead with investment in new models, including the controversial £200m Mini project.

But an announcement on reorganization and possible changes in senior management will not be made until Parliament resumes after the Whit Sunday recess.

A decision on this is not as pressing as the need to lift the freeze on capital spending which is threatening serious delays to the 1979 launch date for the new Mini, the new medium saloon, range due out two years later.

Government delay in tackling structural and managerial problems will inevitably lead to reports that neither minister nor Lord Ryder, chairman of the National Enterprise Board, can find executives who have the standing and the will to take on such a daunting task.

The most widely reported candidate, Mr Terry Beckett, 53, chairman and managing director of Ford Britain, is apparently a non-starter.

Despite the improvements of the past two months, Leyland Cars has shown that it cannot generate cash flow to support the planned investment ratio of £1.4 of Leyland money for every £1 from the Government.

In acknowledging this failure the Government is expected to tell Leyland Cars to concentrate available funds on new cars and reduce investment aimed at providing more of its own components.

Lonrho pays £24.8m for AVP Industries

By Desmond Quigley

Lonrho, returning to the takeover fray yet again, has made an agreed £24.8m bid for AVP Industries, owners of Brighton's decaying West Pier, several hotels including the Metropole and some industrial interests.

The bid is worth 130p cash a share—far higher than the shares have ever been, adjusted for capital change. AVP's quote was restored yesterday after a one-day suspension and the shares rose 36p to 129p, having gained 10p last week. At the beginning of the year the shares were quoted at 51p.

At that stage the shares touched 132p as a few hopes were raised of a counter bid, before it became apparent that

Mr Harold Poster, the AVP chairman, was firmly behind the bid.

Mr Poster said the agreed price was the result of a direct compromise between his own original figure of 150p a share and the £100m starting position of 110p. He said the net asset value backing was now somewhat higher than the 125p stated in the annual report for the year to the end of March 1976.

Directors of AVP have undertaken to accept the offer in respect of their 3.4 per cent holding, and family and trust holdings, accounting for a further 16.1 per cent of the equity will almost certainly accept.

AVP is expected to have made a profit of about £5.5m

for the year to the end of last March.

Mr Poster said: "Some months ago the Stock Exchange and the City considered the value of AVP shares was 58p. If I set an organization coming along and putting 130p on the table, who am I to say no? I have to consider what is in the shareholders' interests."

He said he would remain chairman of the company and not resign as director when his son, Michael, if the bid was successful.

Meanwhile, Lonrho announced that 95 per cent of its recent rights issue had been taken up and that, with excess applications, the issue had been substantially more than 100 per cent oversubscribed.

Lonrho enigma, page 23

Coffee price leap after crop losses

By Wallace Jackson

Coffee prices on the London market yesterday surged ahead to the highest levels since April on news that cold winds had damaged some of the trees in North Paraná, Brazil.

"Spot" May coffee closed £397.50 up on the day at £3,605 per tonne and the July position was £418 ahead at £3,670.

One estimate is that Paraná could lose from 15 to 20 per cent of its 1977-78 crop, which had been expected to reach four to five million 60-kilo bags.

The 1977-78 Brazilian harvest is due to begin next month and it is expected that only the quality of this harvest will be affected.

Commodities, page 26

HAROLD PERRY MOTORS LIMITED

Ford Main Dealers

1976 RESULTS

	1976	1975
GROUP SALES	£1,640,907	£1,382,220
PROFIT BEFORE TAX	1,577,670	1,308,194
DIVIDENDS net	218,506	198,906
ADDED TO RESERVES	591,300	394,637
EARNINGS PER SHARE	16.3p	13.2p

Extracts from the review by the Chairman, Mr J. F. Macgregor.

- * Continued profit growth in 1976 despite high cost of financing biggest ever expansion project.
- * Dividends increased by permitted maximum.
- * 1977 first quarter's profit of £606,000 shows 45% increase over previous year.
- * Management views immediate trading opportunities with confidence.

GO PERRY'S

Copies of the Chairman's Review and the 1976 Report and Accounts can be obtained from the Secretary, 279 Ballants Lane, London N12 8NS

UK Shipbuilders chief is named

Mr Michael Casey, a former top civil servant, has been confirmed as chief executive of British Shipbuilders, the new state corporation which is due to take over the bulk of Britain's shipbuilding industry on July 1.

Mr Varley, the Secretary of State for Industry confirmed the appointment of Mr Casey, formerly head of the Department of Industry's shipbuilding policy division, for one year at a salary of £19,300.

How the markets moved

Rises	Falls
Avco Am Ind 11p to 485p	De Beers Dfd 11p to 285p
AVP Ind 36p to 129p	Furness Withy 12p to 281p
Bibby 7p to 141p	Gen Accident 9p to 191p
Blackwell Hedge 7p to 124p	Laurence Scott 7p to 128p
Broken Hill 55p to 67p	
Cans Gold Fields 55p to 165p	
Consolidated 5p to 225p	
Empire Stores 8p to 143p	
Invergordon 6p to 62p	
Lee Cooper 7p to 100p	

Extrajudicially debt back from a firm start.

Oil-edged securities saw demand. Dollar premium 121.25 per cent (effective rate 45.51 per cent). Sterling lost 2 points to 51.7185. The effective exchange rate index was at 61.7.

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THE POUND	Rank	Bank
Australia S	1.61	1.56
Austria S	30.25	28.25
Belgium Fr	64.25	61.25
Canada S	1.34	1.29
Denmark Kr	10.64	10.24
Finland Mk	7.20	6.95
France Fr	8.74	8.42
Germany Dm	4.24	4.02
Greece Dr	64.25	61.25
Italy Lr	1345.00	1495.00
Japan	599.20	475.00
Netherlands Gld	4.49	4.13
Norway Kr	6.38	6.02
Portugal Esc	67.75	64.00
S Africa Rd	3.04	1.90
Spain Pes	122.75	113.50
Sweden Kr	7.77	7.42
Switzerland Fr	4.52	4.29
US \$	1.76	1.71
Yugoslavia Dnr	33.75	31.00

Gold was unchanged at \$147.50 per ounce.

SWISS was 1.66145 on Tuesday while SDR was 0.675812.

Commodities: Rubber index was at 1678.2 (previous 1679.51).

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(Free translation of the official French text)

UNION MINIERE Société Anonyme

Registered Office: rue de la Chancellerie 1, Brussels
Brussels Register of Commerce No 13.377

NOTICE TO SHAREHOLDERS

Shareholders are invited to attend the annual General Meeting which will be held on Thursday, 26th May, 1977, at 10.30 a.m. in the Office of the "Société Générale de Belgique", 30 rue Royale, Brussels.

AGENDA

- Reports by the Board of Directors, the Auditing Commission and the legal Auditor for the financial year 1976.
 - Approval of the balance sheet as at December 31, 1976, and of the profit and loss account of the financial year; distribution of the profit.
 - Discharge to be granted to the Directors and Auditors.
 - Statutory appointments—Emoluments of the legal Auditor.
- In order to be admitted to this meeting owners of bearer shares must deposit their shares no later than Wednesday, 18th May, 1977, with any one of the following banks:
- in Belgium: with "Société Générale de Belgique" in Brussels or any of its other offices and agencies.
 - in France: with "Banque Paribas (France)", rue de la Vierge 12, 75002 Paris.
 - in the Netherlands: with "Amsterdamsche Bank", Herengracht 55, 1001 Amsterdam.
- Owners of bearer shares will be admitted to the Meeting on producing a statement from one of the above banks mentioning the identity of the owner of the shares and certifying that the shares will remain deposited from 18th to 26th May 1977, included.
- Owners of registered shares must advise the Company not later than Wednesday, 18th May 1977, of their intention to attend the Meeting or to be represented.
- Proxies, conferred according to article 30 of the Articles of Association, must be deposited not later than Wednesday, 18th May, 1977, at the Company's Registered Office, rue de la Chancellerie 1, Brussels.
- Proxy forms are available to shareholders at the Company's Registered Office and also at the above-mentioned banks.
- The Board of Directors

RUGBY PORTLAND CEMENT



"Particular emphasis on the development of plant which is even more efficient and economical in the use of energy."

Lord Boyd-Carpenter

The speech of the Chairman, at the Annual General Meeting to be held on the 10th June, 1977, together with a separate message from the Chairman, both of which have been circulated with the Report, are as follows:

In my first speech as Chairman, I am very glad to be able to report that our results for 1976 produced a record profit. I am sure you will agree that congratulations on this achievement are due to all concerned for what was a particularly good performance against the background of a difficult situation. Earnings per share on the Ordinary Shares were 8.2p in 1976 against 7.7p in 1975 and on the Participating (non-voting) Shares 3.6p against 3.3p in the previous year.

RETIREMENT OF SIR HALFORD REDDISH

December 1976 saw the retirement of Sir Halford Reddish after over 47 years on the Board of this Company. I would have liked to say more than this but it is at Sir Halford's explicit, and strongly expressed, request that I refrain from doing so.

ECONOMIC BACKGROUND

1976 also marks the end of an era in this country as a whole. For during it Her Majesty's Government publicly recognised for the first time the close relationship which inescapably exists between the level of public expenditure and of either taxation or borrowings to finance it on the one hand, and both inflation and an adverse balance of payments on the other. While, as citizens, we must all be glad to see this appreciation, however belated, of the economic facts of life, the Government's actual measures are in practice likely to arouse less enthusiasm. For instead of applying to current spending the inevitably painful cuts in public expenditure which a proper understanding of the nation's economic situation plainly demands, most of their proposed reductions and restrictions appear to be aimed at capital expenditure, particularly in the field of construction. Not only must this adversely affect the construction industry, and those who serve it, but it must also mean the creation of unnecessary bottlenecks and shortages when economic recovery comes. At that time necessary investment in buildings, equipment, roads, factories and airfields will have to be done in a hurry, against time, and of course at a far higher cost than would now be involved.

For this Company, as for all others which supply the U.K. market, this must mean that 1977 will be, so far as that market is concerned, a far from easy year. Your Company did well in 1976 to increase its share of the U.K. market from 14.5% to 15%. But securing a better share of a shrinking market, though it of course reflects the greatest credit on those working in your Company at all levels, is a tough job and less rewarding than sharing in a growing market. So far as the present year is concerned, unprecedented rain in the first two months literally damped down demand, but with better weather there is reason to hope the demand for cement will improve as work on sites picks up again. The recent Budget, it should be noted, will increase—and is intended to increase—the costs of industries such as our own which have no option but to make substantial use of road transport. However there are certain signs of growing confidence in the British economy and if this tendency continues, the heavy backlog of building work which has developed should mean increasing demand later in the year.

OVERSEAS

Overseas the prospect is brighter. While in Australia the forecast recovery in the economy following on the change of government has been slower than some people expected, in recent months the construction industry in Western Australia has begun to show a good deal more confidence. Our Australian subsidiary, Cockburn Cement Limited, achieved improved profits in 1976 as a result of higher dispatches of both cement and lime. Recently there have been announcements of several important plans for industrial expansion in Western Australia and there is therefore every prospect of a continuing improvement in the level of industrial activity in that State and, with it, in the demand for cement. The demand for lime also shows signs of further growth, to the

extent that Cockburn is now planning an extension of present production facilities with a new lime plant.

TRINIDAD

In the Caribbean, in response to an approach from the Government of Trinidad and Tobago, negotiations took place last Summer which resulted in an agreement to purchase for cash the shares of our subsidiary company, Trinidad Cement Limited. Heads of Agreement were signed in July and the company came under government management from the beginning of August. The purchase price agreed was approximately £4.4 million. We very much hope that this sale will be followed by close and continuing co-operation between the new owners and your Company.

Your Company is actively pursuing opportunities overseas, particularly in the field of consultancy where its high standard of expertise in many directions, including the operation of pipe-lines, can be profitably exploited. Our subsidiary company, R.P.C. Technical Services Limited, is energetically seeking appointments in a consultancy capacity on projects at home and overseas.

DEVELOPMENTS IN THE UK

At home 1976 has been a year of progressive adjustment of current Works' operation to current levels of demand for cement and of increasing engineering activity to modernise our production facilities with particular emphasis on the development of plant which is even more efficient and economical in the use of energy. At Southam Works good progress has been made on our first conversion of a kiln from the wet to the semi-wet process. After pilot scale trials which started in May, construction work for the conversion began in the Autumn and the kiln itself was stopped for modification at the beginning of the year. It is expected to start producing clinker by the new process in July, with a saving of more than one third of the previous fuel consumption.

At our Rochester Works, the major part of the design work for the installation of a new 2,200 tonnes a day Lepol semi-wet process kiln and ancillary plant is nearing completion. The necessary civil engineering work is progressing well and erection of the new machinery is due to start in the late Spring. The new kiln will take over the whole of the Works' production in the Autumn of 1978.

In 1976, our steel reinforcement subsidiary, The Rom River Company Limited, maintained its position as a leading supplier to the construction industry.

CONSULTATION WITH EMPLOYEES

We are taking steps to seek to ascertain the wishes of our works' employees on the question of trade union recognition. Meanwhile, consultation has continued to take place through the medium of the Works Committees and I have, since becoming Chairman, taken advantage of my visits to the Company's Works, to meet the members of these important Committees and to discuss current problems with them. Work is also in hand to improve and bring up to date provision for retirement benefits in respect of all categories of our employees.

DIVIDENDS

The increase in the dividends on both the Ordinary and Participating (non-voting) Shares which we are proposing is the maximum allowable under the Government's policy of restricting dividend distributions.

INFLATION ACCOUNTING

In the four years since January 1973, we have had the Accounting Standards Steering Committee's Exposure Draft on "Accounting for Changes in the Purchasing Power of Money", Sandilands and Morpeth. It is apparent that inflation accounting will be the subject of considerable debate before a new system is completely finalised. While therefore I have no doubt that adjusting accounting for inflation is desirable, I can see no point in producing Accounts in an entirely new form until the final pattern which we shall have to follow is established.

BOARD MEMBERSHIP

Your Board has been strongly reinforced by the appointment of Mr. J. R. Pryor and Mr. A. N. Williams in January of this year. They both have a profound knowledge of the Company's business and will be able to give even fuller service to the Company as members of the Board. In accordance with the Articles of Association, they retire at this meeting and offer themselves for re-election. I am also very glad to be able to report that Mr. R. J. Morgan, who retired from his executive responsibilities on the 31st December 1976, has accepted his colleagues' invitation to remain on the Board in a non-executive capacity. We shall, in this way, continue to have the benefit of his experienced wisdom.

THE WILL TO SUCCEED

Your Company is determined to modernise itself in every respect to enable it to meet the challenge of to-day and tomorrow. I am confident that it will—with the close co-operation of all who work in it—not merely survive, but prosper.

I will conclude with a quotation from an earlier statement which sets out with great clarity what I believe to be the essential truth: "The most valuable asset in the Company's balance sheet is one written in invisible ink. It reads something like this: 'The loyalty, the efficiency, the capacity for work of all employed by the Company, their pride in the job and in the Company's achievements, and their joy in having a part in those achievements.'"

MESSAGE FROM THE CHAIRMAN

My predecessor as Chairman made a practice of including with the Annual Report a message specifically directed to those who worked with him in the Company. It is not my intention in future years, unless some very special reason arises, to continue this practice. For it seems to me that all concerned with the Company, whether they work in it or advise it from outside or hold its shares, have a common concern with its welfare and I would like to think that those who work in it will read the whole of its Annual Report. And, indeed, I am glad to think that there are many of those who work in it who are also shareholders. There are no watertight compartments to divide us.

However, this year, I would like to take advantage of my predecessor's practice to say directly to all who work with me in the Company how honoured I feel at being entrusted with its Chairmanship. I am very conscious, too, of the responsibility which falls on me in becoming Chairman of a company with such a record behind it and in which so many people have worked for so long, in many cases indeed for the whole of their working lives. This responsibility certainly is not lightened by the circumstances of to-day. Inflation, and all the evils that go with it, is still far from conquered. And it is the unhappy fact, as I say in my Chairman's speech, that some of the measures which our Government seeks to apply to check inflation must inevitably hit the construction industries and those who supply materials to those industries. We should be kidding ourselves therefore if we thought that during the next year or two any of us is going to have an easy time.

But our Company has the great advantage that all of those who work in it do realise that its continued success does depend upon its efficiency in a fiercely competitive situation. Only if we deliver punctually and efficiently what our customers want will we continue to prosper. And we must prosper to survive. It is an illusion to think that companies can get by and continue to provide good jobs without making profit. Profits are needed, both to enable us to raise more capital when we need new and better equipment, as well as helping to pay directly for some of this.

It is in difficult times that the men are sorted out from the boys. Most people can get by when conditions are easy. But when they get difficult, it is the toughly efficient who come out on top. Let all of us be determined that Rugby shall come out on top, so that when this country reaches—as it will in due course—better times, we shall be there fully equipped to take advantage of them.

New attempt being made to rescue Generale Immobiliare

From John Earle

Rome, May 17

A further attempt is being made to rescue Societa Generale Immobiliare, the troubled international property group, this time through its incorporation into the public works contractor Societa Condotta d'Acqua.

The prospects were outlined by Signor Lucio Corbi, Chairman of Condotta d'Acqua, to a Generale Immobiliare shareholders' meeting yesterday at which he was invited to speak. The success of the complex salvage operation depends on two factors.

First, a 35,730m lire (£23.8m) convertible bond issue, approved by the shareholders' meeting, has to be placed temporarily with leading creditor banks on the understanding that it will eventually be taken up by Condotta d'Acqua.

A group of bank representatives met last night to discuss the issue, but they have not yet made known their agreement.

Second, Condotta d'Acqua, controlled by IRI, the state holding corporation, has to be returned to private ownership in what would be the first exit by a major company from the public sector.

IRI, exasperated at having to

accept hopeless loss-makers such as companies from the dismembered EGAM group, prefers to rid itself of Condotta d'Acqua rather than be saddled with Generale Immobiliare. It has given Signor Corbi until August 10 to find a buyer for its 51.8 per cent share in Condotta d'Acqua, but none is yet on the horizon.

Generale Immobiliare, Italy's biggest property company with extensive interests in Europe and North America, including Washington's Watergate complex, reported a loss last year of 52,829m lire, following one of 86,392m lire in 1975.

Besides approving the 1975 accounts, the shareholders' meeting authorised a one-third capital write-down, the incorporation of the Sogefi subsidiary, and the establishment of a new company into which Generale Immobiliare will divest itself of its main Italian urban properties.

Shareholdings in the new company will then be offered free to creditor banks.

The meeting also approved the appointment as chairman of Signor Aldo Maria Moro, a retired ambassador, in place of Signor Mario Genchini, one of a group of nine Roman building contractors who along with Banco di Roma held a controlling interest.

Post Office cuts 'must be orderly'

By Kenneth Owen

Technology Correspondent

A Government decision to support the electronics components industry for £20m must be considered only "as a starter" if the industry is to keep abreast of modern technologies and compete on an international basis, Sir John Clark, chairman and chief executive of Plessey, said yesterday.

Speaking at a lunch to mark the opening of the London Electronic Component Show at Olympia, Sir John said that changes in technology now taking place were of great and far-reaching significance; they could not be ignored.

But the social consequences of technological change must be taken into account. That was why the telecommunications industry had appealed to the Government against the cumulative effects of Post Office cuts in traditional electromechanical telephone systems.

"Of course, we believe the British telecommunications industry should move forward quickly into the new technical area with equipment brought to modern technical standards," he said.

But some regard must be paid to social responsibility by the decision-makers. By their decisions, they have the power to wipe out the livelihood of thousands of people without adequate time being given for an orderly and manageable transition from the old to the new.

£13m rod mill deal for Ashlow

A contract worth £13m has been won by Ashlow Steel and Engineering, Sheffield, for the supply of a high-speed wire rod mill for a new steelworks being built in Saudi Arabia.

The United Kingdom company is acting as main contractor for the project and the mill is scheduled to start production in 1979. Financing has been arranged by Lazard Brothers & Co, supported by the Export Credits Guarantee Department.

Yorkshire gas search approved

By Ronald Kershaw

An exploration licence to drill for oil and gas on the north Yorkshire moors has been granted to Consolidated Goldfields, which is a subsidiary of Whitby Potash Co. any from Shell Petroleum at the end of March.

The company is hoping to find gas in sufficient quantities to provide energy for a potash refinery to be built on an industrial site south of Whitby. An application for an extension to planning permission to mine potash and establish the refinery has been rejected by North Yorkshire County Council and is the subject of an appeal.

Mr G. G. Williams, a spokesman for Consolidated Goldfields, said last night that the application to drill for gas was an integral part of the plan to mine and refine potash.

Gas exploration will be over an area of 476 square kilometres between Brutton, Stainton and Rosedale Abbey.

INDUSTRIAL OUTPUT

The following are the index numbers for industrial production in March, seasonally adjusted, released by the Central Statistical Office yesterday (1970=100):

	All Industries	Mining and Quarrying
1977	104.2	105.3
1976		
March	101.9	101.8
April	102.4	103.3
May	104.5	105.4
June	100.5	101.4
July	100.1	103.5
August	100.6	102.5
September	102.4	104.4
October	102.8	104.8
November	103.4	104.9
December	103.3	103.9
1977		
January	104.3	105.0
February	104.0	105.2
March p	104.3	105.7

Percentage change latest three months on previous three months at annual rate +3.9 +3.1

p provisional

Business appointments

Sir I McLennan new chief of A N Z Group Holdings

Sir Ian McLennan is to become chairman of ANZ Group Holdings and ANZ Banking Group from October 1. Mr Angus Macdonald, who has been chairman of both companies from September 30 but will remain on both boards, is to step down as chairman of County Bank, has joined the boards of Ferguson Securities and its wholly owned subsidiary, Midland Securities, and Midland Counties Trust. He has also been made a director of William Read and Sons and Reid Precision Engineering. He also takes over as managing director of Birmingham and Midland Counties Securities and Mr W. R. Vaughan, chairman of Vaughan Associates, has been elected president of the Machine Tool Trades Association. He succeeds Mr G. W. J. Protheridge, deputy managing director of Wickman.

Mr G. R. Collier has been made chairman of Sagami Shipping (UK), while continuing as managing director. Mr George Russell and Mr J. S. Bridgeman join the board.

Mr John Swanhorough has been elected executive chairman of Howard Tannens Services and Mr Dennis Serres becomes group managing director. Mr Piers Harford has given up the non-executive chairmanship but remains on the board.

The Marquess of Douro has joined the boards of the Antagasta (Chile) and Bolivia Railway and its subsidiaries.

Mr Clifford Smith has been made a managing director and Mr Peter Ranganathan a director of Bank Julius Baer International.

Mr P. F. W. Jay and Mr C. N. Lowe have become directors of Evers Insurance.

Mr Y. T. Gunton has been made a director of Malaysian Plantations in place of Mr C. B. Stanley.

Mr W. J. A. Dacombe joins the board of Newcastle European Investment Trust.

Sir Thomas Pilkington takes over as chairman of Charente Steamship, succeeding Mr Brian Watson Hughes, who remains on the board.

Mr Richard Opperman joins the board of Beyer, Peacock as commercial director.



Mr W. Johnston (left) who has joined the board of Ferguson Securities; Sir Ian McLennan who is to become chairman of ANZ Group Holdings; and AN Banking Group in October.

Mr John Jeffrey-Cook and a Tony King are members of the Council of the Institute of Taxation. Mr Edward Boyes at Mr George Williams have retired.

Mr Barry Lee joins the board of Public Attitude Surveys.

Mr Roger Farley, research director of Sharps Advertising, is the new chairman of the Society, the body representing individual members of the I.A.S.O. Practitioners in Advertising.

Mr Sheila French, Mr J. Cantor and Mr Michael Malpas have been made directors of Stewart Wrightson (Africa).

Mr Jeffrey G. J. Chikande has been named resident vice-president by Citibank, N.A. The bank's United Kingdom systems and planning director.

Mr Barry Wadsworth, chief, Melbourne, has been made a director of the C.I.A. Insurance Federation.

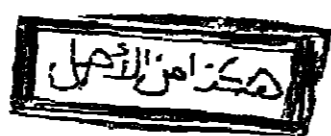
Mr Peter J. Muller, a power engineer, has been made a director of the Board of Directors of the British and Canadian Trading Board.

Mr D. R. Skeet has been made a director of the British and Canadian Trading Board. Mr H. G. Buck joins the board of Star Offshore Services.



THE RUGBY PORTLAND CEMENT COMPANY LTD.

CROWN HOUSE, RUGBY.



Whitbread announce the following trading performance for the 12 months to February 1977.

	1975/76	1976/77
Profit before tax	£30.7m.	£42.6m.
Dividend	£7.6m.	£8.3m. (proposed)
Tax	£16.5m.	£22.3m.
Profit ploughed back	£7.9m.	£10.9m.

Didn't we do well! Or did we? It seems to depend on where you stand.

Standing at the bar, you might be tempted to observe that if we have made that much money we should not increase the price of a pint so often.

Standing for Parliament, you might (depending on your political leaning) make capital out of the short term profit growth of 38.9%, which is well ahead of last year's rate of inflation.

Our employees might ask how long must they stand for wage restraint while we make massive profits.

On the other hand, those same employees stand to gain from our investment plans, as do the retailers who make a living by trading in our products.

Our shareholders can look forward to an increased dividend. And the Chancellor can stand by to receive a substantial windfall in duty and VAT.

Clearly we cannot satisfy all these points of view. What is the correct balance, the fair profit for which we are prepared to stand up and be counted?

Let us take you through some facts.

First, the good news.

Profit before tax increased by £11.9m., a gain of 38.9%.

Investment plans can therefore continue. We are half way through a 5 year programme with £116m. planned to be spent over the next 2 years. There is a brewery going up at Magor in South Wales, new lager production facilities, new canning line and an extensive programme of building and renovation in our licensed estate.

Employment results from our investment plans, not just for our own people but also for workers in supplier companies, particularly in the construction industry. Our own profit performance allowed us to continue producing wage packets for nearly 40,000 people - plus their families - for another year.

The Drinker has had to put up with price increases, but still gets one of the cheapest pints in Europe. Our volume has certainly held up, which encourages us to believe that the value

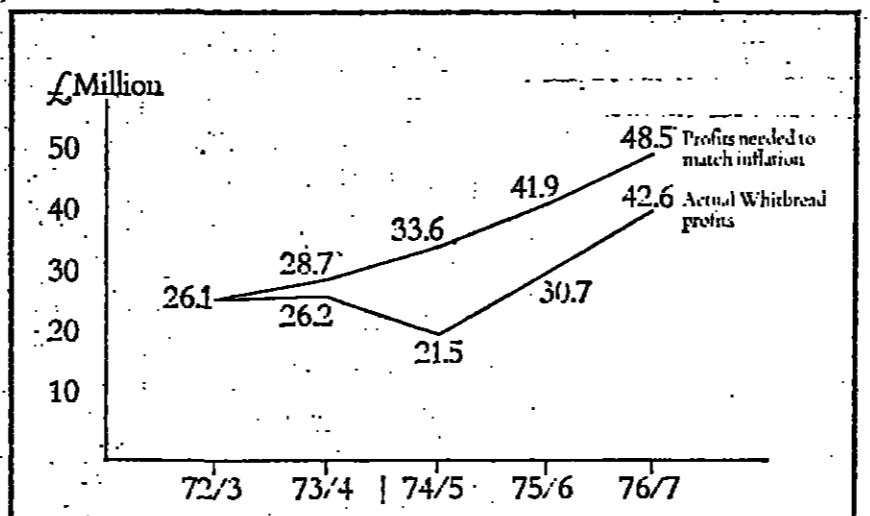
of British beer in the British pub is widely appreciated.

The public at large will benefit from the fruits of our labours in the shape of the taxes and duty that we pay. Last year we generated around £200 million which would have paid for any of the following:

- Half of the cost of school meals, milk and welfare foods
- or all public expenditure on libraries
- or most of the cost of the fire service.

Now, the not-so-good news.

Inflation has taken its toll of our long term prosperity - our performance over the past 5 years has been consistently behind the inflation-adjusted targets.



Dividends are even further behind inflation - the shareholder (who, these days, is often a retired hard-working man or a pension fund manager) has suffered most of all.

	71/2	72/3	73/4	74/5	75/6	76/7
ORDINARY DIVIDEND TO SHAREHOLDERS	100	105.0	110.5	117.4	128.0	140.8
RETAIL PRICE INDEX	100	106.1	114.7	139.8	171.8	199.7
AVERAGE EARNINGS PER EMPLOYEE	100	114.9	128.3	150.6	179.2	191.9

Prospects are not rosy - the second half results are much inferior to the first:

	1976/77 vs 1975/76
FIRST HALF PROFIT	+£9.3m. (+49.8%)
SECOND HALF PROFIT	+£3.1m. (+23.7%)

These figures may be exaggerated by the phenomenal summer of 1976, but the devastating impact of accumulating cost increases in the second half is all too apparent.

For example: malt went up by 35%, hops by 22%, cans and cartons by 19%, and fuel and power by 29%.

Costs must be recovered and the only sure way is through increased prices. Failure to put up our prices last year would have resulted in a £14.5m. profit fall - down to £28.1m., which is not much better than 4 years ago.

We might have had less explaining to do, but we would also have done less investing - spent less on new plant and equipment, and less on our estate - with a consequent chain reaction on earnings, jobs and future profits.

Human resource is probably our most important single asset. Caring for it and nurturing it is an increasing problem. At its most obvious it is a problem of rewards and security which depend on Whitbread remaining competitive and profitable. But it goes deeper than that. Morale can be lowered by many things: seeing the standard of living of one's family decline, having to operate an obsolete machine for cost-saving reasons, listening to our critics, feeling that the whole commercial structure of society may be tottering.

We want to play our part in removing these irritants - we know that self-interest, even enlightened self-interest, is not enough in the changing modern world.

So where do we stand on our profits?

For a start, let us declare an interest: we worked damned hard to earn them! You cannot expect us to achieve total detachment, nor to expound original wisdom on how to perform the economic miracle.

As a large national company we are a significant social unit and, as such, willing to account for our performance to the community as a whole - even though that means trying to satisfy conflicting opinions.

We think our performance, seen in the context of the past 5 years and our view of the next 5 years, has achieved a reasonable balance. We think our plans to plough back most of our profits are responsible and, within our limitations, likely to bring the greatest happiness to the greatest number.



WHITBREAD & CO. LTD.

5,000 Chloride battery workers in strikes and sit-ins at two plants

By R. W. Shakespeare

A strike and sit-in by 5,000 workers at two Chloride International battery manufacturing factories in Manchester and Dagenham has halted all production.

Workers are occupying the factory at Clifton Junction, Manchester, where 3,500 are on strike and at Dagenham, Essex, where another 1,500 are out. Senior management staff have been locked out.

The dispute centres on union rejection of an offer which will give the 5,000 workers the chance to earn a £4 a week bonus above last year's average earnings, in addition to a 5 per cent wage increase under phase two of the Government's incomes policy.

In a statement last night the company said that the key issue was an urgent need to bring levels of production in the United Kingdom plants up to those of Chloride companies overseas and international competitors.

The statement added: "Chloride has been paying for

productivity which has not been delivered and the company is not prepared to go on doing this."

Average earnings for workers at the Manchester and Dagenham plants are £76 for a 40-hour week, a company spokesman said.

The main union involved is the Transport and General Workers Union but four others also have members in the two plants.

A union spokesman said although productivity was one of the main issues, there were other grievances over pensions, the import of foreign batteries and job security.

In its statement the company accused the unions of breaking an agreed confidentiality concerning discussions between management and shop floor representatives on a possible link-up between Chloride and another manufacturer over the manufacture of battery separators.

The company spokesman said the unions had been given advance information and it was

a matter of great concern to the company that the unions had breached this confidentiality and included the question of the possible link-up in their call for industrial action.

Senior management men locked out of the Manchester factory set up a temporary headquarters in a nearby motel. Mr Peter Barry, Chloride's manufacturing director, said that the temporary accommodation was designed to keep the company "ticking over".

The company was concerned that the dispute would seriously affect its export drive and marketing operations.

He added: "We are fully prepared to meet union representatives when and where they wish."

Union conveners at the Manchester plant met for several hours yesterday. They drew up a rota list to maintain a 24-hour a day sit-in. A similar sit-in was being organized at the Dagenham factory.

The motor industry is unlikely to feel the effects of the dispute for some time.

Snags delay start of computer checkouts for supermarket use

By Patricia Tisdall

Technical snags have delayed the computer code number bank regarded as the key development behind the introduction of automatic checkouts in supermarkets.

The code bank, which would allocate product numbers to all the big grocery manufacturers, was due to have started last month. But according to a statement yesterday from the project, the United Kingdom Article Number Association, the start has been delayed until January.

This is a big disappointment to the computer manufacturers, who were hoping to start selling systems specially developed for use with supermarket checkouts this summer.

Manufacturers include IBM, which has been demonstrating a supermarket computer system at the International Association of Chain Stores conference in London this week.

Another is MSI Data Corporation of California who launched a portable electronic ordering system yesterday, which they said could reduce inventory levels in Britain's multiple stores and shops by over £1,000m if generally adopted.

Most of the big supermarket chains, however, are holding back from the full scale use of

computers until the food manufacturers agree on the number code to use on their product labels.

The number system being devised by the Article Number Association for British manufacturers will be compatible with that used in 12 European countries, and the United States, so that goods imported or exported do not have to be specially relabelled.

As well as facilitating stock control and product ordering, a number system common to grocery manufacturers and retailers would speed the use of computer-linked tills at checkouts. Such equipment would mean that retailers could abolish the expensive and time consuming price labelling of individual items.

Instead, grocery products would carry a manufacturer's bar code on the package which could be electronically adjusted daily, if necessary, to keep pace with price changes.

But the Article Number Association believes that there is no commercial advantage for supermarkets until about 70 per cent of grocery products carry the symbol marks.

Mr Stanley Maughan, chairman of the association and administration director of Allied Suppliers said yesterday that "several technical issues" needed to be resolved by the European equivalent body

N Sea oil allows cuts in stocks

By Roger Vervoye
Energy Correspondent

Growing production from the North Sea has reduced the amount of oil that British refining companies will be required to hold in stock. Mr Wedgwood Benn, the Secretary of State for Energy, said yesterday that the companies' stock-holding requirements would be reduced from the equivalent of 85 days' imports to 75 days.

Under European Economic Community regulations, Britain is entitled to a 15 per cent reduction in stocks because of North Sea output. But under the terms of the International Energy Agency treaty, Britain can discount the whole of its North Sea production against storage.

Talks have started between the Department of Energy and the EEC Commission with the object of producing a compromise on EEC and IEA stock-holding requirements for substantial oil producers.

European airbus could have Rolls engines

By Arthur Reed
Air Correspondent

Rolls-Royce RB 311 engines could be fitted to the European A300 airbus if talks between the British company and Airbus Industrie which are due to begin shortly are successful.

At present, the A300 is powered by American General Electric CF6 engines, but recently the other big United States manufacturer in this field, Pratt and Whitney, offered to work with Airbus Industrie towards fitting of their engine, the JT9D.

But M. Bernard Lathiere, president and chief executive of AI, told me in Paris yesterday that neither the Rolls nor the Pratt and Whitney engines will replace the GE CF6.

Rather they will offer a wider range of options with a choice of three engines which should make the A300 more popular among a wider range of airlines. Although a total of 37 airbuses have been ordered by airlines, with a further 23 options to purchase, M Lathiere

needs many more orders for his 300-seater aircraft before it begins to show signs of breaking even for the sponsoring governments, France, West Germany, Holland and Spain.

The A300 is the only airliner in its class, and with only two of the new technology engines, is reckoned to be quieter than any of the other big jets.

But airlines still remain slightly suspicious of the ability of AI as a relatively new manufacturer of the world aerospace scene to build and support an airbus as big as the A300.

Many of them are still waiting to see what airbuses older established companies, such as Boeing, will produce in this sector.

Breaking down this attitude is proving to be a long task for M Lathiere and his colleagues, but they felt that they had taken a big stride when Eastern, the big United States domestic airline, announced recently that they are to take four A300s on lease.

Toolmakers 'disillusioned' by Leyland

Disillusionment by Britain's machine tool makers over the continuing lack of large scale ordering by British Leyland has been stressed in the annual report of the Machine Tool Trades Association.

Mr George Trowbridge, the outgoing president, says the industry confidently expected that 1976 would result in an order input from Leyland Cars alone of £40m-£50m and were encouraged by the evident wish of this organization to plan

their investment programme on a more regular basis during the next two-year period.

"Unfortunately, these high hopes have still to be realized despite an immense application of man hours on the part of our members in the preparation of projects for British Leyland."

The MTTA comprises both domestic producers of machine tools and importers of foreign products and Mr Trowbridge emphasizes in the report "the

firm policy of the association to encourage the development of two-way trade, both export and import". The important point was to ensure the maintenance of a positive balance of trade.

Twenty of the past 23 years have produced a positive trade balance for the United Kingdom industry. Exports of new and used machine tools at current prices from 1958 to 1976 totalled £923m against imports of £663.8m.

Business Diary, page 23

Tory plea for distributors rejected

By Colin Iverme
Parliamentary Staff

The level of High Street prices in the United Kingdom was in part restrained by the degree of efficiency and competition in the distributive industry, Mr Fraser, Minister of State at the Department of Prices and Consumer Protection, said in the Commons yesterday.

There was a good deal to be thankful for in the way the industry operated, he told members of the Standing Committee on the Price Commission Bill. They could be proud of the industry.

But under the Bill the industry was treated less stringently than the manufacturers and did not have to give notification of price increases.

One or two distributors might, however, merit investigation under the Bill. Those handling coffee, tea, or cocoa—where prices were rising faster than distributive costs—might have unwarranted margins.

Mr Michael Sherby (Hillingdon, Uxbridge, C) said many distributors were concerned that they would lose the benefit of the Bill. However, an Opposition amendment to exempt distributors was rejected.

Co-op chief's assurance on stamps

The Co-op, which last year increased its share of national retail trade for the third year running (it now stands at 7.3 per cent), has no intention of giving up its blue and white stamps. This was made clear yesterday by Mr Arthur Sugden, chief executive of the Co-operative Wholesale Society.

Mr Sugden, introducing the annual CWS report, predicted that the withdrawal by the Tesco supermarkets group from its Green Shield trading stamp contract might give rise to some limited heavy price-cutting by its rival. But other retailers would not cannibalise.

His feeling was that Green Shield would quickly recover from the loss of its Tesco business and, indeed, would have more flexibility in building up its stamp trade. For its part, the Co-op, which last year renewed its retail price index in the form of stamps, would continue fighting for every bit of trade it could get.

Last year the CWS, main wholesaler and manufacturer to retail co-ops, recorded a gross sales of £130m. After subsidies and VAT, the sales amounted to £126m, a rise of 15.2 per cent on the previous year. Overall trading profit fell from £15.2m to £14.9m.

Call for £100m credit line for UK shipbuilders

Whitehall was urged yesterday to provide £100m in credit facilities to secure shipbuilding orders from developing countries.

Mr Derek Kimber, chairman of Austin & Pickersill the Wearside shipbuilders, gave warning that the United Kingdom was faced with "losing out" to its foreign competitors unless it allocated funds for promoting shipbuilding orders for Third-World countries.

The developing countries of the world, he said, provided an enormous potential for the United Kingdom shipbuilding industry.

Price Commission rejects 11 increases

Eleven notifications of price increases from companies in categories I and II were rejected by the Price Commission in April. Six of the rejections were made to cement manufacturers.

In seven cases the companies in question withdrew their applications, and in a further 32 the prices body made reductions in the increases sought.

In category III the commission's regional offices secured the agreement of 125 separate enterprises to make price reductions to eliminate excess profits.

Mr Ennals denies breach of faith

Mr Ennals, Secretary of State for Social Services, has denied breaking an undertaking given by the Prime Minister to the Conservative British Leyland group on the proposed Bill to give unions seats on pension fund boards of trustees. Mr John Methven, the CBI's director general, had accused Mr Ennals of breaking faith on the promise of talks with the CBI before the Bill was published.

In a letter to Mr Methven, Mr Ennals said: "Let me assure you that no decision has yet been taken about the introduction of this Bill in this session. The whole question is still under consideration by the Government."

Steel strikers ask men laid off for help

Strikers at the British Steel Corporation works at Port Talbot, South Wales, yesterday appealed for help from the 6,700 men who have been laid off because of their seven-week-old dispute over pay differentials. The strike committee, representing 560 electricians, issued a statement urging those laid off to press for management to start negotiations.

LETTERS TO THE EDITOR

Drax B: order first and then tackle the restructuring

From Mr. Mike Thomas, MP for Newcastle upon Tyne, East (Labour and Co-operative)

Sir, Once again the Government is in danger of being drowned in its own "think tank". In autumn 1976, the Central Policy Review Staff reported on the power plant manufacturing industry. Its major recommendation was that the Government should bring forward the order for the Drax B power station and give a commitment to a steady home-ordering programme for power stations.

"Conditional on acceptance by both management and labour of at least the heads of agreement on members and to the speedy implementation of the rationalisation programme". This conclusion was fundamentally misconceived as far as the two companies, C. A. Parsons Ltd and GEC—in the turbo-generator industry are concerned, for four reasons:

1—Creation of a single company is effectively related to the development of a single technology. This would take time to develop—perhaps 10 to 20 years—and there is no agreement as to whether Parsons' technology, which is British based and produces the most efficient turbo-generators in service with the CEBG and the highest rated nuclear turbo-generators in the world, or the largely American based, technology used by GEC should be the base.

2—There is an immediate problem of redundancy in the C. A. Parsons plant and in Babcock and Wilcox, the boiler makers, who depend on the Drax B order to sustain employment. The CPSR is no doubt right that if world

demand for generation equipment stays at its present levels some slimming down is necessary, but slimming down over four or five years through natural wastage and early retirement is very different from the 1,900 compulsory redundancies which have been announced as Parsons' 3—The delay in ordering the Drax power station and the uncertainty over restructuring have meant that neither British turbo-generator company has received an export order for almost six months. This relates, too, to the technology problem, for overseas customers want to know who is going to build the turbo-generators they order and are not enthusiastic about different parts being built at different plants in a restructured company which they know nothing of. (This problem also relates to Drax B which the CEBG are reluctant to have split up between the two technologies of the existing companies.)

4—The "no orders before restructuring" stratagem has never been an effective sanction to encourage mergers as the GEC order book is two years ahead of its competitors. To say that they are not interested in any restructuring which they do not control, in the knowledge that Parsons' position, in the absence of the Drax order, must steadily weaken.

This last point, I believe, is what led the Government to contemplate, just before Easter, accepting GEC's terms. When those terms became publicly known, hostile reaction from the trade unions in Parsons, from Northern, Scottish and

miners' Members in the Parliamentary Labour Party and from the trade union and labour movement at large, gave the Government cause to think again.

They are now, I understand, trying to get the various parties together under the auspices of the National Enterprise Board. I have no quarrel with this, I believe that in the long term a restructuring of the industry that fairly protected the interests of its constituents in Newcastle would be in the public interest. But the account is on the words "long term". Restructuring is bound to take time. Meanwhile, 1,900 families on Tyneside face the prospect of living on the dole, there is the likelihood that Babcock & Wilcox will need to look for more redundancies, and there will be no export orders for either company because of the uncertainty. The Government really should now set aside a "literal interpretation" of the "think tank" report before worse prognostications become a self-fulfilling prophecy and we get no home orders, no exports, massive redundancies and no restructuring either. The answer I firmly believe is to place the Drax B turbo-generator work with C. A. Parsons and the boiler work with Babcock & Wilcox now and to then proceed in a calmer atmosphere on the lengthy task of getting a restructuring which will secure the future of the industry and will be acceptable to those who work in it.

Yours faithfully, MIKE THOMAS, House of Commons, London, May 11.

Letting the Third World benefit from our milk surpluses

From the Marquess of Sligo

Sir, England is committed to fair prices for dairy farmers. She is also committed to purchase annually 120,000 tons of New Zealand butter. Cows and women are increasingly efficient, margarine is cheaper and, for the sedentary, perhaps healthier. There will thus be more butter mountains unless she quickly finds an alternative use for surplus milk.

In 1976 England produced 16,000 tons of dried whole milk powder. This contains the butterfat, unlike dried skim milk, which is the by-product of buttermaking. Surprisingly, over a million tons of this are still in intervention storage in

shipping of milk powder should be undertaken.

There would be problems of distribution and refrigeration—though bulk refrigeration is less costly than might be thought. Capital for dried milk production plant rather than for butter making would be needed for home creameries. Remote famine areas might not be reached, but sheer starvation merges into undernourishment, and a few centres for well boring and dried milk close to big cities (Calcutta comes to mind) would save thousands of lives. It would "cost" much less than all those cereals.

To fellow members of the EEC England and France often act with cynical disregard for the agricultural ideals of the Treaty of Rome. An Orwellian concept of equality operates and the powerful are much more equal than others. Here, surely, is a case for unilateral action by Britain which would delight European and Third World governments.

To a non-expert it appears economically sensible, politically sensible—the underfed often turn, in despair, to extreme Marxism; and morally sensible. Of all the agricultural problems, this butter business could be most easily solved. None other, tackled along the lines suggested, would benefit so many and irritate so few.

Yours faithfully, SLIGO, House of Lords, Westminster, May 9.

Embarrassment over jubilee crowns

From Mr B. M. Thompson

Sir, I was interested to learn from your article "Why mint condition does not always mean a perfect coin" (May 5) that jubilee crowns are being struck at the rate of 600 per minute.

As a bank manager, I am embarrassed by my inability to fulfil orders for jubilee crowns accepted from my customers as long ago as November, 1976; let alone orders received since then. I understand that the head office of my bank placed a large initial order some time ago. They have been receiving weekly supplies, insufficient to fill the initial order, and these supplies have now been reduced and are to be reduced still further very shortly.

Supplies received to date have been completely insufficient to meet the demands from branches, and one is left wondering how it is that certain supermarkets have apparently been able to obtain unlimited supplies of these coins. As it is, I have the embarrassment of that I am unable so far to let them have the crowns they ordered so long ago, and as things stand I very much doubt if they will be available by Jubilee Day on June 7.

Yours faithfully, B. M. THOMPSON, 4 Hook Road, Kingsclere, Newbury, Berkshire, RG15 8PD, May 5.

Bank opposition to nationalization

From Mr W. E. Gale

Sir, Norman Atkinson, one of the investigators of the Labour Party's bank nationalization plans, complains (May 10) that the banks have entered the political arena by attacking those plans. Had he expected them to stand over their affairs without protest? Does he not appreciate the strength of opposition among bank staff who know, better than any, how fallacious are the nationalizers' arguments?

The banks' customers had better start thinking in terms of a state bank if they want efficiency, he says. Does he mean like the Post Office, the railways and other services in public control?

Those of us who work in the banks know that our customers' first requirement is to have their money kept safe, but accessible. Of course, Mr Atkinson would prefer bank customers to be taken care of by priorities like helping to fund socially desirable operations that lose money. Is it so unreasonable, though, for the banks to tell customers: this holds certain dangers?

Certainly the staff of banks

want the electors to know what is at stake. If, as he says, the electorate is to be called upon to vote for the party governing the best banking system the facts should be laid before the electorate at an early date. After all, nobody wants bank nationalization to come about merely by default—do they?

Yours faithfully, W. E. GALE, General Secretary, Barclays Group Staff Association, 22 Grosvenor Road, Grosvenor Heath, Sussex.

Oxley Printing Group Ltd.

1976 — A Year of Recovery

Chairman Michael Lewis reports:

... Return to Profitability — Good Progress will continue throughout 1977

Very substantial increase in Profits anticipated — Resumption of Dividends expected ...

Increased turnover by 28% Return to profitability after losses in 1975 Particularly strong second half Net asset value 42p per ordinary share


Summary of Group Results £000's

	1976	1975
Turnover	16,147	12,905
Profit (loss) before tax	305	(178)
Attributable Profit (loss)	295	(272)
Earnings per ordinary share	5.0p	(3.7p)
Net assets per ordinary share	42.4p	(37.4p)

Principal Companies in the Group

Printing Broglia Press Ltd. Carlsle Web Offset Ltd. Morrison and Gibb Ltd. Oxley Press (Nottingham) Ltd. Product Support (Graphics) Ltd. William Stevens Publications Ltd.	Platemaking Ace Engraving Ltd. Alderslade Ltd. Art Reprographic (London) Ltd. Art-Type Ltd. Bristol and West Engravers Ltd. Layton-Sun Group Ltd.	Sun Litho Ltd. Sun Span Ltd.
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Copies of the Report and Accounts are available from the Company Secretary, Oxley Printing Group Ltd., 65 Conduit Street, London W1R 0NY.



C.E. Heath & Co. Limited

INTERNATIONAL INSURANCE BROKERS REINSURANCE BROKERS
AND UNDERWRITING AGENTS

Preliminary Results for the Year Ending 31st March, 1977

	Year to 31 Mar 77	Year to 31 Mar 76
	£000	£000
Broking		
Brokerage	14,934	10,096
Investment income	1,169	829
Expenses	(8,625)	(7,125)
	7,478	3,800
Underwriting		
Profit Commission	—	330
Insurance Company Profits	571	127
Fees and overriding commissions	3,367	2,682
Investment income and interest	1,234	752
Expenses net of recoveries	(1,605)	(1,552)
	3,567	2,339
Other investment income	409	231
Operating Profit	11,454	6,370
Interest paid	(286)	—
Other income and expenditure	103	31
Profits before taxation, minority interests and extraordinary item	11,271	6,401
Taxation	(5,065)	(3,182)
Minority interests	(148)	(101)
Profits before extraordinary item	6,058	3,118
Extraordinary item	(294)	(84)
Net profit available for appropriation	5,764	3,034
Dividend paid and proposed	(1,243)	(577)
Retained earnings carried to general reserve	4,521	2,457
Earnings per share	65.7p	36.0p

The increase in income from our broking operations of 47.9 per cent. and the reduction from 70.8 per cent. to 57.7 per cent. in the expense ratio reflect a substantial addition of new business. On the underwriting side, as expected there was no profit commission from our Lloyd's operations but there was continued growth in Australia and the results show for the first time profits arising from the new insurance companies.

The Board recommends a final dividend which together with the associated tax credit will amount to 14.0p per share on the present issued and fully paid share capital. With the interim dividend paid in January this will make a total distribution for the year, equivalent to a gross dividend of 20.0p per share (1975/76 - 10.232p).

It is expected that the full published Report and Accounts will be posted to Shareholders on 10th June, 1977 together with the notice of the Annual General Meeting which will be held on 8th July, 1977. Subject to approval at that meeting, the final dividend will be paid on 7th July, 1977 to Shareholders on the register at the close of business on 3rd June, 1977.

The Directors are also recommending a capitalisation issue of two new shares for every one share held by Shareholders on the register at the close of business on 3rd June, 1977.

F. R. D. HOLLAND, Chairman

Copies of the full accounts will be obtainable on 10th June, 1977 from the Secretary, C. E. Heath & Co. Limited, Cuthbert Heath House, 151/154 Minories, London EC3N 1NR. Telephone 01-498 2486.

BY THE FINANCIAL EDITOR

Whitbread improves its margins

Whitbread's 24 per cent second half profit improvement before exchange losses, though much lower than the 10 per cent of the previous year, was achieved while its volume, thanks to the London strike, declined slightly, and with the industry as a whole now facing declining sales, Whitbread looks better placed than the other major brewers to gain market share.

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Mr. Alex Bennett, chairman of Whitbread, facing declining sales.

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There is no middle ground for the mass of fascinated Lorrho watchers. Its supporters see an international commercial jigsaw being slotted into place as bid succeeds bid. Its critics hark back to Mr. Edward Heath's damning "unacceptable face of capitalism" tag and view Mr. Roland "Pip" Rowland's rhino charge management style with deep suspicion.

Yesterday's £24.3m agreed bid for AVP Industries, taking Lorrho's investments in British companies since late 1975 to around £100m, highlights this clear division in the City's opinion of the group.

At 150p a share, Lorrho's offer is well above AVP's best market price ever. AVP's management and financial advisers recommend the deal, and there is ample commercial logic in the takeover for those willing to see it.

The hotels fit in with Lorrho's existing hotel chain overseas, and with occupancy rates of over 90 per cent last year, the group.

For most of last week the minds of some of the most influential figures in the maritime world were concentrated on the problems of shipping and shipbuilding. The visitors and participants to the bi-annual North Sea Shipping Conference and Exhibition in Oslo had much to worry about, and there was much talk of the dangers of a proliferation of state subsidy schemes aimed at protecting jobs in sailing shipyards and ballast companies which, if market venues alone were to operate, would disappear.

It was a familiar theme, delivered by some leading industry figures with almost evenhanded fervour. But despite the fine words, the carefully argued speeches, and the barrage of unpalatable statistics, little progress has been made in Europe towards a harmonized policy for shipping and shipbuilding.

At an international level, talks between Europe and Japan on the world crisis in shipbuilding, and the need to agree on a mutually acceptable policy of rationalization, have predictably become bogged down in tactical manoeuvres and counter proposals.

The arguments and the re-creations continue and the proliferation of state aid schemes continues unchecked. As visitors to Oslo's Spjølsten Centre will discover, the current stalemate is the product of a series of events, across the water in Copenhagen, Mr. Ivar Noergaard, the Danish Trade Minister, promised that his Government would provide state financial support to Danish yards to match credit and financing terms which were being offered by their foreign competitors.

Mr. Noergaard added that his Government had also decided to speed up the construction of ships for the state including fishery inspection vessels, ferries, naval vessels and ships for trade with Greenland. Danish yards have until now been among the least cost yards in the world with no state subsidies available, but clearly this will change in the next few weeks, although so far the Danish Government has to spell out the scope and scale of the promised help.

Cooperation with West Germany, has been the most consistent proponent of the need for a Community-wide policy and the fact that the Danes have now decided to join the rush towards support schemes is perhaps an indication of the frustration at the lack of progress made towards an EEC-wide scheme.

There is general agreement that shipbuilding capacity throughout the world is double that required to meet the anticipated demand for new ships over the next few years. Demand over the next three to four years is likely to be about 12 million to 13 million tons gross annually, representing about one third of world shipbuilding output last year.

It is against this depressing and worrying background that the governments of traditional shipbuilding countries are involved in a desperate race to secure orders, to protect employment, and to ensure the survival of companies. Few nations have yet been as bold as Sweden, which has linked its aid policy for shipbuilding directly to a rationalization of the industry over the next five years.

Sweden is planning to inject 20,000 kronor in state credit guarantees and grants to reshape the industry and about half of this sum will be spent on financing of ships built on a speculative basis. But the credit guarantee involves the closure of one shipyard, the shedding of 6,000 workers employed directly by the industry, 1,000 sub-contractors' employees and 4,000 workers employed by companies supplying the yards.

Norway has adopted a rather different policy (much to the chagrin of its competitors) and a small team of officials has been spearheading an attack on the countries of the Third World, offering competitive credit terms to secure orders. Very liberal terms of credit involving 90 per cent of the purchase price repayable over 15 years at 5 per cent have produced a flow of orders. Earlier this month, Norway signed a credit agreement providing £70m to Egypt and an official from the Suez Canal Authority was among those being fed and entertained in Oslo last week.

Other Norwegian yards have canvassed one industrial deal with developing countries, including a £44.5m package with a group of Singapore companies for products carriers and a £51m deal for three chemical carriers for Malaysia. And talks are continuing between Norway's Aker Group and the Philippines for a series of orders for container ships for the Philippine state shipping company.

Germany's shipowners are now able to take advantage of grants up to 17.5 per cent of the construction price together with extended credit terms, while the German Government

AVP's hotels in London and Birmingham are sound assets. The group's air-conditioning business can only benefit from the marketing muscle of Lorrho's operations in 59 countries and its close associations with the prime growth market for air-conditioning in the Middle East.

The office furniture companies of AVP fit with the light engineering side of Lorrho's Firststeel subsidiary and into the group's international marketing network.

What could be more logical? And yet, such is the City's suspicion of Lorrho that in discussing the merger with several institutional managers yesterday one of the prime reactions was that Mr. Rowland himself still constituted an impediment in the way of improving the group's image. This view is as typically contradictory as most about Lorrho: in that it is directly opposite to the more usual long-term worries about Rowland's succession within the group.

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Lorrho still an enigma to the City

John Brennan

The prejudice against Lorrho may stem partially from ill-considered institutional support for the shares early in 1975. At that time the Rowland mystique became temporarily fashionable. The shares attracted a flood of institutional support in the 130p to 150p range only to slump back to the low 70s in a matter of weeks. Fund managers who had grudgingly admitted that Lorrho might after all make sense burst their fingers in the price slide and appear to have steered well clear of the group ever since.

As a City outsider, Lorrho's shares, at 75p down 3p yesterday, stand on a deeply cautious rating and offer untypically high income following last month's £12m rights issue. Having won at least temporary exemption from United Kingdom dividend controls, the prospective income of the shares is limited only by group policy. Although the exemption is unlikely to be extended beyond the current financial year when the Treasury looks again at a balance of British overseas assets which the AVP, Dunford & Elliott, London City & Westcliffe, Brentford Nylon and Suits acquisitions has swung significantly towards the United Kingdom.

On the face of it the institutional reservations about the group, although understandable, are difficult to justify. It could, and it has been said that with assets of over £400m, a turnover well over £1,000m, and operations ranging from a herd of 100,000 cattle through wines and spirit sales, motor distribution, mining to property and steel, virtually any acquisition can be made to appear to have commercial logic.

And yet the success of Lorrho's diversification programme over the past decade could not be more clearly shown than by the shares' reaction to yesterday's news. Setting aside the AVP bid, yesterday's news carried the final confirmation that Zambia is at war with Rhodesia. Ten years ago that statement would have crumpled the shares. Yesterday they shrugged off the news.

Even Lorrho's most ardent critics will concede that by geographically spreading the risk, the group has been able to trade successfully within the politically sensitive areas of Africa and the Middle East. Worries about earnings dilution as a result of the aggressive acquisitions programme have been claimed by the use of cash rather than paper in recent bids, and by the relatively modest scale of its recent rights issue. But that said, investment fashion is an unpredictable thing and in this case fashion is of more importance than any fundamental view of the group.

The prejudice against Lorrho may stem partially from ill-considered institutional support for the shares early in 1975. At that time the Rowland mystique became temporarily fashionable. The shares attracted a flood of institutional support in the 130p to 150p range only to slump back to the low 70s in a matter of weeks. Fund managers who had grudgingly admitted that Lorrho might after all make sense burst their fingers in the price slide and appear to have steered well clear of the group ever since.

As a City outsider, Lorrho's shares, at 75p down 3p yesterday, stand on a deeply cautious rating and offer untypically high income following last month's £12m rights issue. Having won at least temporary exemption from United Kingdom dividend controls, the prospective income of the shares is limited only by group policy. Although the exemption is unlikely to be extended beyond the current financial year when the Treasury looks again at a balance of British overseas assets which the AVP, Dunford & Elliott, London City & Westcliffe, Brentford Nylon and Suits acquisitions has swung significantly towards the United Kingdom.

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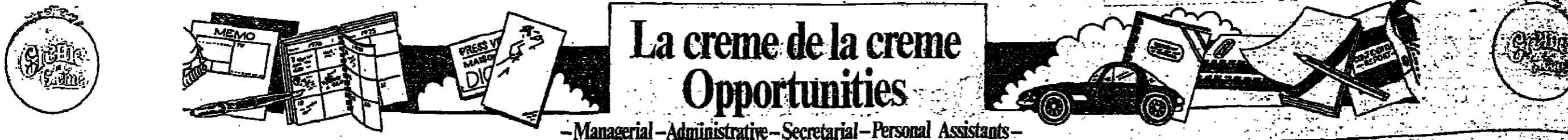
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